

MAR 5 1923

THE

NATION'S BUSINESS

March
1923



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The High Cost of Government

One day's work a week is the price you pay

A Hunter of Wall Street Devils

A study of Senator Brookhart by J. B. Morrow

What Does Your Customer Think?

Questions the woman asks about distribution

Trial Balance—A *Business Story*

By Samuel Hopkins Adams

Law Makers and Your Insurance

It's the policyholder, not the company, who pays



Published by the Chamber of Commerce of the United States

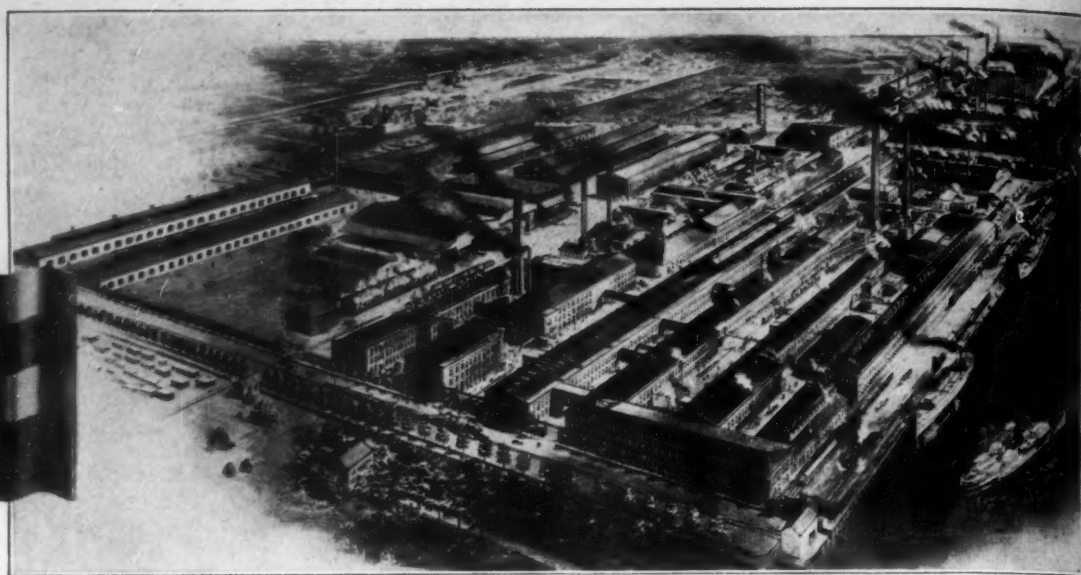
Plant of Henry Disston & Sons, Inc., Philadelphia, where Robertson Process Asbestos Protected Metal has been used repeatedly as a roofing material.



The largest operators in almost every industrial field have found profit in the use of Robertson Process Asbestos Protected Metal and have expressed their satisfaction by repeated use. For example, Henry Disston & Sons, Inc., Philadelphia, (plant here illustrated) have placed eleven orders for A P M since 1916.

The accompanying illustration, showing a "cut-away" view of A P M Sheeting, indicates how one impervious coating follows another in the process of protecting the metal core from all destructive influences.

To really appreciate how completely both surfaces and edges are sealed against rust and corrosion, you must actually see and handle the material itself. A process sample, together with complete descriptive literature, will be gladly sent you on request.



When Will You Pay for Your Roof?

That will depend to a very considerable extent on the kind of roof you buy.

Industrial buildings are continuously exposed to severe conditions. If you cover them with a material that can't withstand the destructive action of smoke, steam, fumes, gases and weather exposure, you will never be through paying for your roof. For, after the first cost, you will have to pay the cost of the constant repairs necessary to keep this kind of building covering on the job. And even then—in spite of continuous expenditures for maintenance—the necessity for complete replacement comes altogether too soon and you must pay for your roof all over again.

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	First order		First order		
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THE NATION'S BUSINESS

A Magazine for

Business Men

VOLUME 11, NUMBER 3

MARCH, 1923

The H·C of G·

by W·P·Helm

GOVERNMENT of the people, for the people, by the people, cost the people in 1921 about eight and one-half billion dollars; more than one-eighth—about 14 per cent as far as we can measure it—of our estimated national income.

As far as we can measure it, yes; for no one on earth knows—or can find out—just how much it costs to run the nation's business. Year after year we "hard-headed Americans" complacently accept a condition in the operation of our national machinery that we would not tolerate for a moment in private business enterprise; a condition where an approximation is the nearest anyone can come, even by the most expert accounting, to fixing the figure of the operating costs of our government.

We can get, however, some highly interesting and extremely important approximations.

Our governing officials, their working staffs and the rank and file on the public pay-roll, numbered approximately two million persons, or 5 per cent of all the wage earners and salaried men and women in the United States. In other words, one person out of every twenty gainfully employed was working for the government.

These totals apply to all government—federal, state, city, town, village and country. They include known costs of the federal government and estimated costs, based on actual census figures covering partial returns, of maintaining our state and municipal government. The figures are conservative; they understate the case rather than exaggerate it.

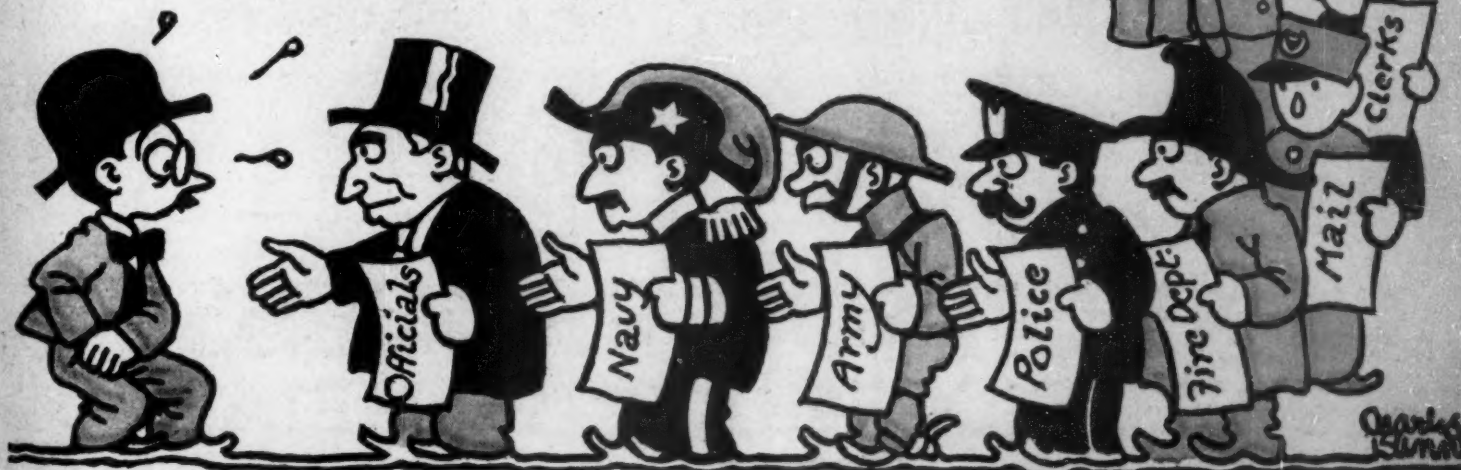
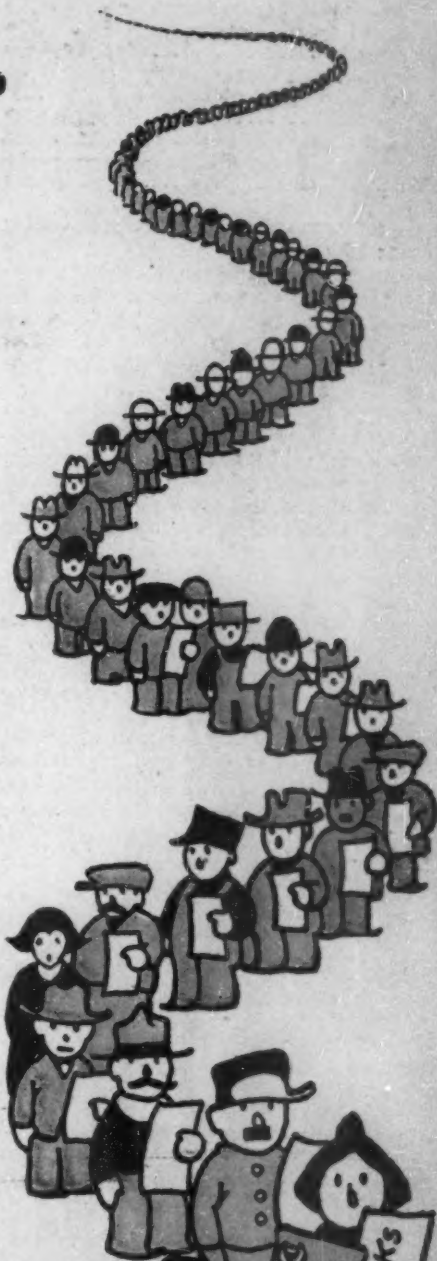
Except for the comparatively brief period of our participation in the World War and the two years immediately following the

armistice, the cost of governing the people of the United States was almost incomparably greater in 1921 than at any other time in our history. Within an eight-year period it has more than doubled.

The tendency in 1921 was downward. The cost of government in 1922 undoubtedly was less than in 1921, due largely, if not altogether, to the lowering of the cost of maintaining the federal government by approximately \$870,000,000. Figures covering 1922 are not available as this is written and probably will not be available for some time to come. In fact, it is unlikely that any such figures will ever be tabulated as the census bureau's statistics cover alternate years and the cost of obtaining the totals, if undertaken by a private investigator, probably would prohibit the enterprise. The next returns with which a comparison may be made will cover the current year, 1923, and will be much more complete and accurate than those for 1921.

The government cost figures for that year, as stated above, are not represented here as being wholly accurate. They are an estimate, but the best and most careful estimate that the writer can obtain. It is an astonishing situation, but nevertheless true, that we, as a nation, have never tallied up the totals of our government cost.

We know the cost of the federal government. That is kept prominently before us in many ways, not the least being the size of the bills. We know the cost of our state and city government, perhaps, or, if we live in a town, the cost of the local government. But nowhere, so far as the writer can learn, has anyone ever engaged in the monotonous



and eye-opening task of making the totals for all forms of our American government.

Surveying the field of governmental activity, however, we find that we must reckon with several forms of national and local government which group themselves conveniently as follows, the estimated cost of maintaining each kind during 1921 being placed opposite each designation:

Federal government.....	\$4,666,671,594
48 state governments.....	1,008,540,232
253 municipal governments (cities of 30,000 population and more)	1,638,296,052
15,449 municipal governments (incorporated places of less than 30,000)	554,434,737
County governments in 48 states	592,068,972
Total	\$8,460,011,587

This total was obtained by the following methods:

In the case of the federal government, one-half of the cost of government during the fiscal year 1922 plus one-half of the cost during the fiscal year, 1923. This method of procedure was deemed desirable as the government's figures cover fiscal, rather than calendar, years. The government's year ends June 30. It exactly halves the calendar year.

A measure might have been obtained by adding the monthly totals as shown in the Daily Treasury Statement during the calendar year; but such figures contain, at the beginning of the year, a carry-over from the preceding year, and, at the end of the year, fail to contain such items of government cost as are paid in the subsequent year. An average for the two-year period is apparently a more accurate method of obtaining the total. In this case, such an average was \$4,666,671,594.

For the twelve months ending June 30, 1921, the cost of maintaining the federal government was \$5,538,040,689; for the subsequent twelve months it was \$3,795,302,500. The one figure is too low for the calendar year 1921, the other too high.

DURING the present fiscal year the cost of the federal government will approximate \$3,500,000,000; during the next fiscal year it will be about \$3,100,000,000. The cost of running the federal government is decreasing, but, manifestly, it cannot go very much below next year's figure unless we greatly curtail our present peace-time activities. The reason why a great reduction is impossible is stated in the four following fixed charges which constitute a first mortgage on federal revenues which must be paid every year before we begin to expend funds for ordinary government activities:

Interest on public debt.....	\$950,000,000
Sinking fund	350,000,000
Pensions	250,000,000
Veterans' Bureau	450,000,000
Total	\$2,000,000,000

In other words, we must raise approximately \$2,000,000,000 a year for some time to come before we have a dollar to spend currently for the federal government. At the rate of expenditure provided for next fiscal year, our ordinary governmental activities will cost us in addition, about \$1,100,000,000.

In 1915 we spent about \$750,000,000 annually for maintaining the federal government. To duplicate that work at today's increased wage scales and supply costs would cost very nearly the sum we intend to spend, if not fully that amount.

We therefore may reckon on a per capita

cost of about \$30 a year—it may drop a couple of dollars as the population increases—during the next five years or so as the cost of maintaining our federal government.

The next item on our tabulation concerns the state governments, whose estimated upkeep in 1921 was a few millions in excess of a billion dollars.

It would seem almost unbelievable that the census bureau, setting out to measure the cost of state government, should fail to obtain complete cooperation and figures from all the states. Yet the bureau failed to obtain figures, at any rate, from eighteen states, including New York, Pennsylvania, Ohio, Michigan, Wisconsin, Kansas, Virginia, North Carolina, Kentucky, Mississippi, Arkansas and Louisiana. For some reason those states are wholly unrepresented in the totals.

The totals which the bureau did compile cover thirty states with a population of about 54,000,000—little more than one-half of the country's inhabitants. The cost of governing the people of those states, as officially reported by the states, was \$521,209,423, or somewhat less than \$10 per capita.

APPLYING the same per capita rate to the missing states and adding the result to the above figures we reach our estimated total for all state government. Manifestly, with such high-cost entities as New York, Pennsylvania, Ohio and Wisconsin missing, communities where the cost of government is known to be well above the average, our total for the whole country will be ultra-conservative.

What applies to the states holds good for the cities. There were in 1921 a total of 253 cities of 30,000 population or more; yet the census bureau was able to obtain figures for only 183. Seventy cities—and some of the chief ones were among them—failed to report, or for some other reason did not get their figures into the returns.

The 183 cities that did report contained about 29,000,000 inhabitants and fastened on those inhabitants a tax bill of \$1,279,918,791. To be exact, the per capita cost of enjoying government in an American city of 30,000 inhabitants or more averaged \$44.32 in 1921 in addition to state and federal taxes; and the total estimated cost of \$1,638,296,052 for governing all cities in the 30,000 population and more class compared with \$838,642,976 in 1913, an increase of nearly 100 per cent in eight years.

Per capita costs in some of our most populous cities are interesting for their variation from the average. In New York, the per capita cost of city government alone was \$53.49; in Chicago, \$40.89; Philadelphia, \$45.27; Boston, \$71.38; Los Angeles, \$73.52; San Francisco, \$51.99; Pittsburgh, \$54.28; Seattle, \$91.37; and Indianapolis, \$33.40.

1923 MARCH, 1923						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

County government costs are purely an estimate. The census bureau compiled complete and accurate figures—for 1913. The total for that year was \$370,043,046. The average per capita rise of state and city costs, which, it might be noted, tallies remarkably closely with the Department of Labor's index figures covering the rise in commodity costs, has been applied to the 1913 figure to arrive at an estimated total for 1921. The increase is about 60 per cent. Application of this increase adds about \$222,000,000 to the 1913 totals.

The smaller communities have been treated in the same manner in making our estimate of \$554,434,737, except that in the cases of the 12,905 incorporated places having less than 2,500 inhabitants each, a purely arbitrary figure of one-half the per capita cost in communities of from 2,500 to 8,000 has been used. The government does not go below the 2,500 population mark in compiling its financial statistics.

However, even this arbitrary figure—less than \$10,000 a year for each of the 12,905 incorporated places—is so small, comparatively, that if it were disregarded altogether, it would not materially change the totals.

Who spends these billions? Who is on the public pay roll?

At the topmost rung of the ladder we may place about 7,000 high officials of government and their immediate personal representatives. In that group we include the officials of the federal cabinet and the heads of bureaus and independent offices in Washington and their secretaries; the members of congress and their secretaries; the governors of the states and their secretaries; the heads of state departments and their secretaries; and the mayors of our 253 chief cities and their secretaries.

FROM that start, gradation is somewhat difficult. We have, for instance, about 700,000 school teachers on the public pay roll; 286,000 full-time employees of the Post Office Department, including mail clerks, letter carriers, postmasters (of whom there are about 32,000), and clerical assistants; 50,000 employees of fire departments; 82,000 policemen; 115,000 guards, watchmen and doorkeepers; 12,000 detectives and 10,000 sheriffs; 107,000 common laborers; 225,000 soldiers, sailors and marines; 56,000 inspectors; 70,000 clerks employed by the federal government at Washington, and so on.

This gigantic machine of government of which we have no measure and of whose annual cost we have only an estimate calls not for tithes to keep it running, but for between an eighth and a seventh of all that everyone in the United States obtains, for his labor. The national income has been estimated by varying authorities at about sixty billions of dollars; and our national upkeep is nearly eight and half billions.

If evenly distributed among the workers of the country, the per capita cost of government would approximate \$210.

If we should have to pay our taxes in labor—and, of course, in the last analysis that is just how we do pay it—every man and woman, every working boy and girl over ten years of age, would labor one day out of every seven and a fraction, free of all compensation, as his share of the upkeep of government. About seven weeks a year, every year, of work without compensation for the privileges and protection accorded us by government.

NOTE: There is a brighter side to this picture. In a second article, next month, we will show some striking instances, how the Government is trying to better its business methods.

If Not a Subsidy—What?

By ELLIOT H. GOODWIN

Resident Vice-President, Chamber of Commerce of the United States

THE CIRCULATION of The NATION'S BUSINESS has now grown to such dimensions that the magazine must be closed and go to press weeks in advance of its actual issuance. In the meantime the fate of the ship subsidy bill may well be settled, for better or worse. If the verdict of Congress is adverse to the measure, then no keen observer expects to see constructive legislation along this line for years, for if President Harding, who has made this measure his own and has placed it before Congress as an administration bill, is unable to secure its passage through a Congress which closes for good on March 4 and in which he has an immense majority, there is little expectation that he can get a new bill through a succeeding Congress in which his majority has been considerably reduced.

I want to confine this article to the new features of the situation now before us—not before us heretofore—which make the matter so critical, and in so doing I want to direct attention solely to conditions growing out of the World War.

First, take the situation that confronted this country in shipping in 1914. Can it ever recur? Does the situation in Europe at this exact moment give any assurance to responsible minds in America that there will not be future wars, involving the nations that support the carrying trade of the world?

The opponent of ship subsidy rests frequently on the argument that it is not important that we should own our own ships to carry our own goods; there are enough ships on the sea, they say, and, in the main, these carry the freights that are available anywhere and pay the biggest profit without marked prejudice in favor of their own nationals. Granted, for the purpose of this argument. What happened to our trade in 1914 when Great Britain, the nation with the largest carrying trade doing the largest sea business throughout the world, suddenly and unexpectedly became involved in a world war and had to divert its merchant fleet in large part to the purposes of war? Well, there was a considerable part left over to serve our purposes, but we were badly cramped.

Second, the war itself placed a premium on shipping and all nations in the world began to build and buy feverishly; none more so than the United States, particularly after it became involved in the war and success depended absolutely on ability to produce ships in sufficient quantity to carry our munitions and our soldiers. As a result we found ourselves at the end of the war placed second only to Great Britain in merchant tonnage, and in a position to compete even with her. This is an accident—as much of an accident as finding ourselves with the Philippines on our hands at the end of the Spanish-American War. We accepted the responsibility laid upon us in the matter of the Philippines. Are we going to neglect it in the case of our merchant fleet?

This fleet belongs to the Government. A very small part of it is now being operated, mainly at a large loss, by the United States Shipping Board, the deficit being paid by the

taxpayers. That deficit for the past year is estimated at fifty million dollars, and for the coming year at fifty million dollars. To some extent it necessarily is competing with and thus strangling such merchant fleet as we now possess in the hands of private owners. This is inevitable.

Do we then wish to continue this process to pay the annual deficit rather than to take thirty millions instead of fifty millions from the taxpayers in order to make it possible to place this fleet in the hands of private owners taking it from under government control and giving the American merchant marine a chance to exist as an American industry, serving all other American industries?

The opponent of ship subsidy will rest his argument on the ground that it is wrong for the Government to use taxpayers' money to advance a private industry. Is it more wrong to take this money to advance the industry under the advantages of private control than to take a larger amount to maintain this industry as a socialistic development in government hands?

Is this the first or outstanding instance of government subsidy to private industry in the public interest? How about the millions expended by the Government for the development of our railroads by private companies, creating that vast network of communications which alone enabled this country to reach its present stage of development and upon which today our prosperity in every line depends? How about our laws of long standing excluding foreign vessels from the coastwise trade for the sole purpose of allowing American private owners to operate fleets? How about our tariff bills under Republican and Democratic administrations alike, from 1828 to the present day? In view of these, is it not absurd to cavil at the expenditure of thirty million dollars a year for the maintenance in war and peace of an assured carrying capacity for American goods?

Finally, what will result from the failure of Congress to pass this bill at the present fast expiring short session? If I am right in my prediction that this means the loss of a chance to pass the subsidy bill for years to come, it means and must mean one of the following: first, the continuance of government ownership and operation, either under the Shipping Board or some other government agency, with all the inefficiency

necessarily attaching to government operation of industry; or, second, the extension of government ownership and operation under like circumstances; or, third, the abandonment of government ownership and operation. These choices are quickly dealt with.

First, continuance—the most likely thing to occur—means a carrying on of present evils. Government will necessarily lack the initiative of private ownership, so there will not be the proper incentive to maintain a merchant marine by new building as the present



ent fleet, fast deteriorating, becomes useless. Private owners, fearing competition with the Government as they do today, will not make good this loss by building on their own account, so the American merchant marine will expire with the expiration of the fleet.

Second, extension—the Government goes into the business much more deeply than at present, with the inevitable result that it monopolizes the carrying trade, and private industry and commerce then becomes dependent for all time on a government-owned and operated merchant marine. Natural and economic development is then made impossible. Politics inevitably interfere to place vessels at ports where economically the trade will not sustain them, to establish routes of which the same is true, and to make rates which, like the postal rates, will not cover the cost.

Third, abandonment means the entire extinction of our large merchant fleet in the course of a very few years. No one will buy them unless freights go up enormously through some such crisis as occurred in 1914; go up to such an extent that the tied-up shipping of the world, as well as that of the United States, will be called into requisition, for there is today as the result of the war a surplus of world ships as well as of American ships. We then go back to where we were in 1914—to the position which we occupied from the close of the Civil War until the World War—a great nation producing goods far in excess of its own ability to consume, dependent upon other nations in times of peace and in times of crisis for that prosperity which depends upon the export trade, and without vessels essential to support our navy in case of war.

This is the crisis that the people of America, and particularly its business men, must face and face quickly, or else be found derelict when the time of emergency comes, as no one can say it will not come.

TRIAL BALANCE

by
SAMUEL HOPKINS
ADAMS

Illustrated
by
R. L. Lambdin



WAITING to see me?" Amos Steele looked up from the compilation of notes he was making.

"Yassir. This last hour'n a half." The confidential guardian of the inner sanctum of the Steele Shoe Manufacturing Company permitted a subtle intonation which might have meant either reproach or the hint of a plea.

"Didn't you tell him I was busy?"

"Yassir; I always tell 'em that."

"That's right, Eph. It seems to me I always am busy." Steele passed his hand upward across his heavily veined forehead into his hair where it met scant resistance. "I've always been busy," he sighed, "for thirty years. What does he want? A job?"

"I don't reckon so, Mr. Amos. He says his father used to know you right well, and he thought as how you'd see him 'count of that if he waited."

The head of the concern glanced at the carefully diagrammed visitors' information form. "Ralph L. Wilson," he read. The tired eyes above the puffy, leaden sacs narrowed with interest. "Must be Tom Wilson's boy. Lad of about twenty-one, Eph?"

"Yassir. Nice spoken young gent'man. Shall I fetch him in?"

"Yes. No, wait. Get Fowler. Turn the boy over to him, to be taken through the factories."

"All of 'em, Mr. Amos?"

"Yes; the whole plant. I want him to see everything. Tell him I said for him to ask questions, to talk to the men if he likes, to take in all he can. I may want a report from him on his—er—his impressions of the place."

"Yassir, Mr. Amos." The old man nodded intelligently, but outside he shook his head, privately opining that this was a queer kink for the boss.

Released to his notes, Amos Steele put in an hour arranging and codifying them, then the better part of another hour analyzing some troublesome figures, at the end of which task he looked up to see Eph escorting a stocky, serious looking youth to his desk.

"I can see you're Tom Wilson's boy," was the manufacturer's greeting as he shook hands, "by your looks. Sit down."

The youngster obeyed.

"Been through the plant?"

"Yes, sir."

"What do you think of it?"

"It's a pretty big concern."

"That all?"

"And very busy, apparently."

"What else?"

"Why," hesitated the boy, "I don't know just what you mean. I found it very interesting—"

"You ought to. It's the best factory of its kind in the country," declared the older man aggressively. "I made it that, and I know. The best to work in; the best to own. And you might have owned it."

"I? Owned this—"

"Half of it, anyway. Didn't your father tell you?"

"No, sir."

"Didn't want to, perhaps. Yes; it might have been half yours, if he'd been a different kind of man."

The boy shifted in his chair a little, and an impalpable change came into his voice as he said, "My father died last year."

Amos Steele nodded. "You needn't fear that I was going to say anything against him. Tom was a good man in his way; as good as the best. But his way wasn't my way. Maybe it was a better way. What do you think?" he demanded, giving his visitor a hard, quick look from beneath his bushy eyebrows.

Young Wilson flushed. "I think it isn't quite a fair question."

"So it isn't. I'm glad you said that. It's about what Tom would have said—if he'd thought it. Perhaps it'll be fairer later, after I've told you a bit of personal history. You won't understand it, probably. But neither do I—not all of it—not the essential part of it."

He leaned back in his chair, mouthing an unlighted cigar in nervous satisfaction, and told his tale.

YOUR father and I, said Amos Steele to the heedful youth, started even with nothing but a job apiece. Shoemakers, we were; cobblers they still called 'em in those days, but we'd got swept into a small factory. Good workmen, both of us; Tom a bit better of the two with his tools. The factory wasn't much; old fashioned, hand-to-mouth, beaten-track sort of business. No sort of chance to get ahead there. It didn't content me. Nothing ever has. I expect that's the reason of my—(Amos Steele took the cigar from his

teeth, regarded its mangled end, and decided to light the other extremity, after which he drew a few puffs before concluding with the emphatic word)—success.

I wanted to work for myself. I wanted money. I wanted to see something that was my own growing under my hand. When I had a hundred dollars saved I went to my doctor, who was always kicking because his shoes wore out—shuffled along like a spavined walrus, Doc did—and I said:

"Want to be well shod at a reasonable price, Doc?"

He said, "Who'll take the contract, Amos?"

I said, "I will. Lend me a hundred dollars and I'll set up a little establishment of my own that'll turn out a real shoe even you can't wear out."

"A hundred won't start you, Amos, and I ain't a bank."

"If you were I wouldn't be coming to you, because I haven't got any security to offer. But I think I can get a couple of other fellows that don't like their shoes to come in, and I've got a hundred of my own, and even if you aren't a bank I'll pay you 7 per cent."

The Doc mulled over that for a while. "I'll tell you, Amos," he said at last, "I'll take a chance on you. You'll need five hundred to start with properly. Write me out a little acknowledgment saying you'll pay me one-fifth of the profits at the end of the year, after you've taken out a fair return for your own work, and I'll find you the hundred."

(Amos Steele turned to his visitor. "Know anything about finance?"

"A little, sir. I'm specializing on economics and finance in college."

"Then you probably realize what I was doing when I gave that receipt. I didn't—at the time."

The boy smiled. "I think you were selling a share of stock."

"So I was. And the buyer is a rich man today through that little investment.")

I took that hundred, pursued the manu-

facturer, and went out and talked two other fellows into giving me a hundred each. But I'd had time to think it over meanwhile and I decided that giving a lender a permanent share in my profits wasn't going the right way to own my own business. So for the other two hundred I gave notes secured by a mortgage on a little piece of land I'd picked out for my shack. Paid 7 per cent on 'em.

"Bonds," said young Wilson.

"Bonds," agreed the manufacturer, "though I didn't know that at the time, either. I had to learn my finance as I went along.)

Up to then I'd counted on Tom Wilson. He was my chum at the factory. I went to him and said:

"Tom, can you put your hands on a hundred dollars?"

"Yes," he said, "and more. Why?"

"Will you quit this job and go in with me as a partner?" And I outlined my plan. I've got \$75 worth of orders already."

He listened me through. "No, Ame," he said. "I'm well off as I am. My pay is enough to live on and put by a little. I've got one eye on a little house and another eye on a little girl—"

"You'll get cross-eyed that way, Tom," I said. "You keep both eyes glued to this little business I'm telling you about for a few years and you'll be seeing bank rolls."

"I guess a marriage certificate is the only investment I'm looking to make for myself," he answered.

Arguing was no use; I couldn't budge him. "Being your own boss means packing a boss's worries," he insisted. "It isn't worth it, not to me. Look at our Old Man at the factory; shrivelled up like a spoiled nut with worry and scheming and figuring on how to keep far enough ahead of the game, and him not fifty yet. I don't want to get that way, Ame; not for any money. Besides, if I put my savings into it I couldn't sleep nights."

"I don't expect to sleep nights, myself, much," I said. "Not till I've got this thing going. Then I'll take it easy. That's all I knew about it at the time! "But I'm kind of knocked off my pins by your not coming in. I need you in that business worse than I need your money."

"All right, Ame," said Tom, "I'll come and work you you."

And he did. He was a good worker, Tom Wilson; the best. But at the end of the day's job he put up his kit and was through. He didn't take anything home with him inside his head or outside. I was never through. I lived in and for that shack, fussing with the machine at night to make sure it was ready for the morning, going over the stock, figuring up the orders, planning to get more, staking out extensions as the thing grew, and it did grow, for we were making good shoes at a reasonable price and a nice profit. At the end of the year I had another

talk with Tom and gave him the chance again to come in on his own terms. But he was married by then and wouldn't listen. "I'm all right as I am, Ame. Once and for all, no." So it was settled friendly and finally. The fairest I could do was to raise his pay and I did, till he was the best paid workman in town.

Next came my stockholder. I went to see him.

"Want your money back, Doc?"

"Not specially. Do you need it?"

"We're growing. I could use it."

"Go ahead, then. How much did it earn?"

"Oh," said I offhand, "your share of the profits shapes up to about \$50."

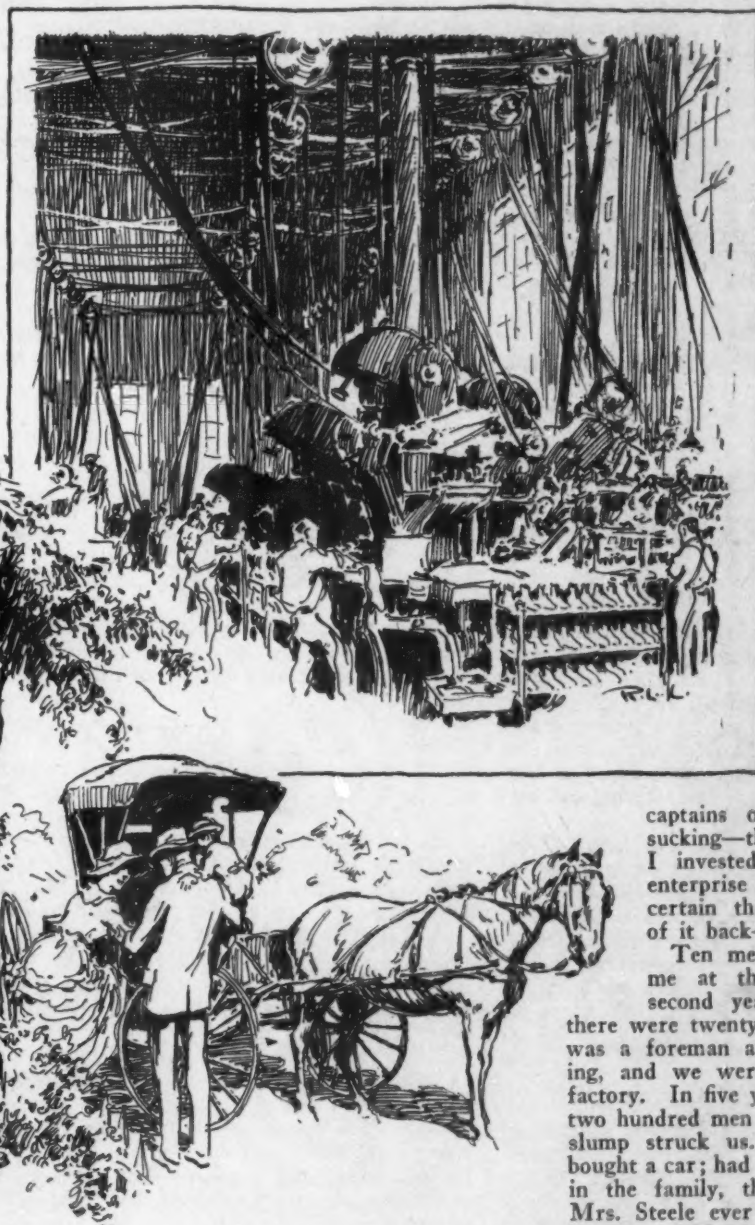
("Some dividend!" commented the youth, smiling.)

"Forty-eight per cent, to be exact," replied the magnate. "It was bigger later.")

rings into the vivid past) and how pretty and proud Mattie—that's your mother—looked sitting up driving it. By and large it made me a lot of trouble, that rig, because when I got married, about that time, my wife couldn't see why we couldn't have a turn-out. "If Tom Wilson that works for you can afford it I guess you can." All that sort of thing. Well, I couldn't. Every cent I could set aside was going into our little business to make it bigger. Surplus, all keeping active, making more surplus. Tom was investing his surplus in life. Both ways pay dividends, I guess, if you invest wisely, and I'm not saying Tom's way wasn't wise. And I'm not saying which kind of dividends is best.

But I was investing more than my money; I was investing my time and thought and nerve and energy and youth, and, as the years went on and the business grew bigger and more demanding in proportion to its size, my home life and associations and—well, maybe a pretty liberal share of my happiness of a certain kind. Your father would know more about that than I; he specialized in that kind of—of security. A man ought to get pretty heavy returns on the kind of investment I put into that early business. It would be hard to reckon an adequate return in percentages; 100 per cent, 500, 5,000, the kind of return which makes fool legislators tear their hair in Congress and talk about blood-sucking captains of industry. Blood-sucking—that's a good word. I invested my blood in that enterprise of mine, and I'm not certain that I've ever got all of it back—or its equivalent.

Ten men were working for me at the beginning of the second year, and at the end there were twenty-four. Tom Wilson was a foreman and did some designing, and we were putting up a real factory. In five years the payroll had two hundred men on it. Then the big slump struck us. By that time I'd bought a car; had to do it to keep peace in the family, though I don't think Mrs. Steele ever quite got over that horse and buggy of the Wilsons. Well, the market just simply died on us. Cancellations, rejections, no new orders, other concerns closing up on all sides. But I wasn't going to shut our doors, not for a week, not for a day. I'd put all I had of soul and body into that concern and it was part of my pride to keep it going and to have the jobs ready for the men when they showed



"Pharaoh and the pyramids!" says Doc. "Let me leave it in, will you?"

I would. He kept on leaving it in. That's how he's a rich man now. Well, your father took his profits, his increased pay, and put them into a horse and buggy. I can see that horse and buggy now (Amos Steele looked wistfully through the curling smoke

up in the morning; a kind of superstition, too, I guess. I sold the car; I mortgaged our house; I begged at the banks; the Doc got in behind me like the good old sport he was, and we pulled through. No profits that year for any of us; losses instead. But wages went on. They went on just the same.

(In response to Steele's pressure on a desk button the inner guardian appeared. "Mr. Amos, sir, there's fo' gent'men wait —")

"Tell 'em I'm in conference. Eph, how long have you been with me?"

"Twenty-two years," grinned the servitor.

"How many strikes have we had in that time?"

"Strikes? Ain't had no strikes evah I heard of in this fact'ry."

Amos Steele to his caller. "You know why that is, my boy?"

"Why—I think—I suppose you pay high wages and maintain good conditions that keep the men satisfied."

"That's only part of it. My men have never struck on me because I've never struck on them. Their jobs have been there, their wages have been paid, whether the concern was making or losing. Sentiment, at first; that's what it was; sentiment for my concern because it was mine; vanity, if you like; that's a sentiment. They say sentiment doesn't pay in business. They're wrong. It has, in my business. But I didn't know that, either, at first.")

That busted me, the strain of that crisis. (A little nervous spasm in the corner of the big man's mouth caused the fresh cigar which

he had taken to punctuate the reminiscence with strange aerial curves.) Not financially; nervously. I had to take a vacation. Went to the woods; deep in where they have Indian guides. There I got the idea of popularizing moccasins. You see, I couldn't get away from business even there—never could—never will. I came back and put the Panther-foot Moccasin on the market. In two months the factory was completely outgrown. This place was for sale. I didn't like to leave the old town, but we'd outgrown it. I took over this plant. Tom wouldn't come with me. He loved the old town; had all his investments there, peace, quiet, his home, his family life, the affection of his neighbors. And so he lived and died. And I lived and—prospered. And that's the story of us two men.

"DID your father leave anything?" asked Amos Steele after a long pause.

"Enough to take care of my mother very simply and send me through college."

"I see. I've got a boy in college."

"Yes. He's in my class."

"That so?" Amos Steele leaned forward, sharply interested. "See much of him?"

"No. It's a pretty big place, you know. I don't travel with his set."

"Hump! Don't think much of 'em perhaps."

"Oh, I'd be glad enough to trail with that lot," answered the boy with his ingenuous smile, "if I knew them and could make the grade. But I can't afford it."

"My boy Delevan can," said Amos Steele a little grimly. "What he can't afford is the time and effort. He's just flunked out."

"That's tough."

"Part of the investment," returned Amos Steele cryptically. "Know young Holloway?"

"Just to say hello to."

"My daughter's engaged to him."

Involuntarily young Wilson exclaimed, "What! I've never met her," he continued hastily, "but I've seen her at the dances and she seems so young."

"And by your tone I judge you don't think much of Holloway."

The boy reddened. "I really don't know a thing in the world against him."

"I do. But there's nothing I can do. Not enough influence with my youngsters. You see"—the older man's grim features twitched—"I—er—invested my family, too, in a way. Never took time enough out of the business to see much of them. Pretty much all my surplus in life is invested right here. And I won't say but what the return isn't worth it. I'd like to have old Tom Wilson's view. What's yours—after a bit of history?"

The young man shook his head.

"You came here about a job, didn't you?"

"Partly."

"You can have it. But if you take it and make anything worth while of it, it'll be along my path, not your father's. What do you say?"

"I don't know what to say—offhand."

"Take the evening to think it over. Then write me, will you?"

"All right, sir."

IN the morning Amos Steele received the boy's letter. He read it slowly, considering. A smile, half cynical, half regretful, made no less somber the set look on his face.

"I thought so," said Amos Steele.

Law Makers and Your Insurance

By JACKSON HUGHES

HURRAH for the bosses of business! That's us. Plain and fancy bossing done at all times. Laws made without notice. Insurance companies—look at 'em!

Policyholders, fifty to sixty millions; assets, more than twelve billion dollars; outstanding insurance of all classes, upwards of a hundred and fifty billion dollars; agents and employees everywhere.

Take last year, for instance, 1922. There weren't many legislatures in session, but we introduced 883 bills affecting insurance in such State legislatures as did meet. The year before, in 1921, we pestered the insurance companies considerably more. That year there were 2,465 bills introduced.

No, we don't know how many of 'em became law, but some did, all right. They kept the insurance companies on the jump just about all the time.

LET us look into this business of passing laws to regulate the insurance companies. To begin, we find that all the expenses, down to the last thin dime, paid out by the insurance companies go by the shortest route, directly into the premiums which the public must pay for insurance.

The cost of maintaining expensive legal talent to study the thousands of bills introduced each year, to point out the dangers of most of those bills, and to keep abreast of legislation is only one of the numerous expenses incidental to this favorite pastime of making laws.

Every law that adds to the cost of writing insurance adds also to the cost of carrying insurance. Insurance premiums form a pool which must be maintained at a certain level to insure safety. If we draw off revenue from the pool to meet higher expenses of doing business the policyholders must make it up, and the only way they can make it up is to pay more in premiums.

At the outset, therefore, we find that pestering the insurance companies with foolish legislation in reality amounts to putting our hands into the pockets of the policyholder.

And now let us look at the mills of legislation.

Regulation of insurance primarily is the state's affair. Insurance is not interstate commerce. It is not a subject for special federal legislation, save in the case of the District of Columbia whose laws are made by Congress.

Each state bosses the insurance companies. Forty-eight states and the District of Columbia—forty-nine big bosses—tell the insurance companies what they must do and what they mustn't.

The insurance companies, or most of them, do business in nearly all of the forty-eight states. Each company, therefore, must obey forty-eight state bosses. Should it do business in the District of Columbia, too, it must obey forty-nine. It must manage its affairs strictly in accordance with the various—and often conflicting—orders of its various bosses.

If New York, for instance, should order

insurance companies doing business in the state to use pink paper for all their documents, they would have to use pink paper—or get out of the state. If Pennsylvania wanted blue paper, they would have to use blue paper. What color should a company select to do business in both states?

What one state sanctions, another punishes. Consider New York and Mississippi regarding rate-making associations.

A fire insurance rate-making association, as its name implies, is an organization, supported by fire insurance companies, which studies all elements and factors forming the basis for computing insurance rates. It employs statisticians, goes into records of the past, makes up tables of averages, studies insurance intensively to arrive at a proper and equitable method of ascertaining what premiums are just and fair to the insurer and insured. Companies subscribing to its service are thus enabled to make their rates scientifically without duplication of the expensive organization which each one would otherwise need to have. There is no compulsion upon any insurance company to take the service.

But Mississippi and other states didn't see it in that light. Mississippi, for instance, passed an anti-trust law. Under it, insurance companies who were members of rate-making associations were subject to heavy fines for using rates thus proposed. Such practice, it was contended, was in restraint of trade. The theory was that the companies

should determine rates as best they could individually, even though this would entail additional expense for policyholders.

The companies were between two fires. Mississippi brought suit against the foreign companies (those chartered by other states) and fines totaling about \$8,000,000 were levied, part of which were to go to the persons originating the actions. Recently the court has reduced the amount of these fines. The insurance companies withdrew from the state. Their property within the state was attached, but the state cannot collect even an appreciable fraction of its huge fine. As the laws practically make it impossible for these companies to return to Mississippi, the darling public suffers again in being restricted to local company facilities alone for obtaining the insurance so essential to modern credit.

But our worthy legislators aren't content with regulating the business transacted within their own borders. They don't want any other legislators to be interfering with their companies. What if they do? Oh, well; we're human. Let's fight it out. There is a steady stream of retaliatory legislation flowing into the various legislative mills. In the original draft of the new insurance code proposed for the District of Columbia, for example, it was proposed that the District should bar all companies of a state which might refuse a single District company the right to do business within that state.

Insurance companies organized in the District are not responsible for acts of the District insurance authorities over whom they have no control; nor are the insurance companies of, say Connecticut, responsible for whatever actions are taken by its State Insurance Department. Yet because that department should see fit to exclude from the state a District of Columbia company, then, according to the proposed code, all Connecticut companies were in danger of being barred from the District of Columbia.

It sounds foolish, doesn't it? Yet *that is the law today in the State of New York.*

A Missouri corporation, owning property and doing business in Arkansas, decided, for example, to take insurance in a company not admitted to do business in Arkansas. The contract was made in St. Louis. Arkansas then attempted to assess the corporation 5 per cent of the premium. The United States Supreme Court decided, however, that Arkansas had no jurisdiction over a Missouri corporation doing business in Missouri. The claim was dismissed.

Two simple principles are fundamental in insurance rate making. Rates must be at a level which will produce enough revenue to permit the insurance companies to continue in business, and they must be equitable as between policyholders. In other words, each policyholder must pay for just what he is receiving.

Consider the "Valued Policy" Law!

LET'S consider for a moment the "valued policy law" effective in a number of states. By its terms, a fire insurance company is required to pay the full face value of the policy, in case of total loss, regardless of what the value at the time of the loss may be.

Assume, by way of illustration, that a man owned property valued at \$100,000 when prices were at the peak in 1919 and he insured it then for that amount. During the subsequent business depression, the value dropped to \$60,000. If said individual were fraudulently inclined, what might happen in a state where such a law is in force? The fire loss data in such states answers that.

The honest policyholder must pay in higher rates for such legislation.

Another type of legislation which defeats its own purpose of guaranteeing justice to the insured is that prohibiting co-insurance. Most fires result in partial losses. Although each individual loss is small, the total of these partial losses constitutes a very large proportion of the value of all property destroyed by fire. Because of this fact, insurance companies have found it necessary to use a co-insurance clause to establish equity of rates among policyholders. The prohibition of its use permits an individual carrying

THERE is one thing we want to keep pounding away on in these articles on insurance; they are aimed at the policyholder. When the Senator from Somewhere puts through a bill taxing an insurance company he's *taxing your policy.*

To the man who believes that insurance companies are enormous accumulations of idle capital, we commend the next of these articles which we shall print in the April number. Have you ever thought how much of the development of our telephone system, our railroads, our public utilities, are dependent upon the life insurance reserves? Of every premium you pay, a large part goes into this fund, and it is not an idle fund. It is loaned out with two things in mind, to safeguard you, and to build up the national prosperity.

—THE EDITOR.

a relatively small amount of insurance to obtain it at a price which is less than cost to the company. Obviously, the policyholder desiring full insurance, either because required by bankers, creditors or his own good judgment, must pay a correspondingly higher rate to make up the deficit.

Insurance rate making calls for almost infinite knowledge of risks and past performances. Rates are based on statistics covering the country as a whole. Experience has demonstrated that if a sufficiently large group of buildings scattered over the country is taken, a certain number may be expected to burn each year. The larger that group is, the more accurate will be the rates obtained. Legislation providing that insurance companies must base their rates, not upon statistics covering the country as a whole but upon statistics applying wholly to risks within the state, drives at the very heart of insurance.

The effect of such a law would be to compel insurance companies to study separately the statistics in each state involved and thereby, at considerable expense, build an entirely new rate structure for, say, Maryland, Michigan, Kansas, etc.

Why stop at regulating rates? That only governs the amount of money the insurance companies can collect. Surely some laws can be passed so that legislative control over the funds collected will not be lost. Oh yes, the investments!

In New York, for instance, it was at one time proposed that all fire insurance companies chartered by the state should be compelled to invest a certain amount of their reserves in mortgages. The condition of the money market, the state of business

generally, and other factors ordinarily considered by prudent business men when they invest their money—all would be disregarded.

Another choice bit of legislation introduced right frequently provides that insurance companies doing business in a state shall invest all the reserves for premiums collected on that business within the state. Nothing is said about limiting loss payments to those reserves alone. If these bills were to become law and the practice made general among the states, the insurance companies would be greatly hampered in the upbuilding of safe and adequate reserve investments, and premiums would rise accordingly.

If there is so much sport in bossing insurance companies, why not put the state in that business, keep all the private companies out, and have the fun at home. We've already made a good start. Six of our states have legislated the private insurance company out of business in the field of workmen's compensation insurance. Employers must carry their insurance with the State Fund.

What Happens With State Insurance?

NEW York already has a State Fund which competes with private carriers, so that any employer desiring to do so may insure with the state. Less than 8 per cent of the insurance, however, is now written in that fund. When the great majority of employers indicate in such a striking way that they prefer private insurance carriers, why should they be compelled to insure with the state? It is unreasonable, isn't it?

What is the employer's attitude? Possibly all arguments for and against monopolistic state workmen's compensation insurance were heard during an investigation undertaken during the past year by a select committee from the Cincinnati Chamber of Commerce composed entirely of business men, and headed by Maurice E. Pollak, vice-president of the Pol-lak Steel Co.

The committee conducted an impartial inquiry into the desirability of continuing the state's monopolistic law.

As a result the committee unanimously agreed that the law should be amended so as to permit private companies to transact business in the state. The Cincinnati Chamber, in turn, unanimously approved the report.

Bills have been introduced in various state legislatures this year providing for cement warehouses for farm products, state cement plants, ownership of all elevators, and so on. Why not state textile mills, state steel plants, state stores, state restaurants? In other words, why not let the state run everything, your business—my business—everybody's business.

Ah, but that is communism, and immediately Russia is cited as a horrible example. Yes, we know all the arguments against it—destroys private initiative, promotes inefficiency and graft, business becomes the football of politics, etc. But where shall we draw the line?

Before the Government learned by experience that it couldn't operate the railroads, the favorite sport was baiting them. Remember the bill introduced in Kansas some twenty years ago?

The language of the bill escapes us, but the substance remains bright in recollection as the sparkling of a gem. The bill (which somehow failed to pass) provided . . .

"That whenever two railroad trains approach a crossing at grade both trains shall come to a full stop and neither shall proceed until the other has gone on its way."



From a painting, "The Spirit of Transportation," by Maxfield Parrish.

To mark the contributions to transportation and world advancement made by the American automotive industry, the Clark Equipment Company, Buchanan, Michigan, paid twelve well known artists to dramatize, each in his own style, "The Spirit of Transportation." The twelve were entered in a friendly competition for a bonus prize of \$1,000. Maxfield Parrish, the winner, takes his theme from the

royal gorge of the Colorado River, presenting as it does a majestic physical barrier to progress. At one side above the rushing mountain stream may be seen chiseled in the cliff a tiny road along which passes a train of motor trucks, the artery of civilization—a dramatic portrayal of how civilization has conquered the heights and other difficulties, opening to commerce the vast regions beyond

A Hunter of Wall Street Devils

By JAMES B. MORROW

FROM OUT of trees and thickets and from behind fences, pig-pens and corn-cribs (metaphorically, of course) Col. Smith Wildman Brookhart, sharpshooter in war and politics, had for long been sniping at his enemies. His enemies, he said, because they were the enemies of the common people.

Do not sneer at the words "common people." They are sublime words to Colonel Brookhart. No others in the American language are more to be venerated, or feared, at times. But who are the common people? Farmers, in the main, and their natural and sentimental confederates, the laboring men of the nation. With whom likewise should be included soldiers of the World War and the mothers of the republic.

Common People "Exploited"

AS Colonel Brookhart perceives existing conditions in America, the common people (farmers and laboring people, soldiers and mothers) are being "exploited" in Wall Street. By Wall Street he means bankers, railroad presidents and all of the remaining human components who constitute what has been known, ever since the term "octopus" became ridiculous, as Big Business.

So that is the state of matters. The common people and Wall Street eye to eye in battle array, their rifles loaded and their fuses lighted. Wall Street reaching for all and getting most of it; the common people asking for their share in the division that takes little heed of the millions of other Americans who are squirming more or less and making ungente remarks under their breath while their pockets are being slit and their watches lifted.

This uncouth description of what is going on has details which, without doubt, would be indignantly modified by Colonel Brookhart, were he to edit it. He would insist that Wall Street, all by itself, was doing the slitting and lifting, and that the common people, wholly composed in this instance of farmers and laboring men, being themselves the chief victims, had taken up arms in a holy effort to purge the nation of robbery and most of the other brands of unrighteousness.

Very well. Let the round and cheerful little colonel have his own way about it. All that the writer has in mind is to show his general attitude—his trend, as would be said on the floors of Congress. And to explain him, if that is possible.

Instead of doing his sharpshooting from among the trees and thickets of Iowa, and from behind the fences, pig-pens and corn-cribs of Iowa, Colonel Brookhart is now doing it in the United States Senate, having been promoted in the field by his common people to snipe Wall Street at close range and not from halfway across the continent. Helping to increase his visibility in the large newspapers is the fact that Wall Street has begun to return his fire. So it is shot for shot, as the war correspondent invariably puts it, and that is always interesting.

Speaking through one of its favorite minions, a railway president, Wall Street charges that the smiling Colonel Brookhart misuses truth and debauches statistics. There is a hint, even, that some of his figures are concocted by himself. Placing the heel of his

right shoe sidewise on the knee of his left leg (he was seated on a sofa in the reception room of the Senate), the colonel informed the writer of this article that a billion dollars a year for freightage, and for graft paid subsidiary corporations for supplies, was being fraudulently collected from the American people by the railroads.

"No!" the writer said.

"Yes," the colonel insisted. "It's this way," he took pains to elucidate: "Under the infamous Cummins-Esch law the value of the railroads was practically fixed at nineteen billion dollars. On that valuation the Interstate Commerce Commission was ordered to establish such rates for transportation as would give the owners of the railroads 5½ per cent return on what was declared to be their actual investment. The return was afterward raised to 5¾ per cent."

"Now," the colonel went on to explain, "the real value of the railroads, of their bonds and stocks, is only twelve billion dollars. How do I get that figure? By the confession of Wall Street itself and by consulting the market quotations of the New York Stock Exchange. A thing is worth what it will bring. That is all that I could get for my farm. All that any man could get for the property he owns."

"I claim," the colonel said quietly and with no show of wrath, pretended or genuine, "that our people are paying interest, in the form of freight rates, on seven billion dollars of water. I'd squeeze that water out and save the interest."

"How?"

"By reducing rates on freight to a twelve-billion-dollar basis; that's how. And the wages of railroad workers wouldn't have to be cut a single penny."

A Voice From Wall Street

HAD a Wall Street man been talking, there on the sofa, with Colonel Brookhart, perhaps he might have said: "If rates were based on a valuation of twelve billion dollars, wouldn't railroad securities fall in price on the market, and wouldn't it then be necessary further to cut rates on freight, in conformity with such lowered values? And wouldn't one reduction be followed by another, first on property and then on freightage, until, at last, the railroads wouldn't be worth anything?"

"When," the Colonel was asked, "did you open your fight on the railroads?"

"Twenty-one years ago," he answered. (He was then a vigorous youth of thirty-three.) "Joseph W. Blythe, general counsel of the Burlington road, controlled the Republican party of Iowa. A vice-president of the same railroad controlled the Democratic party. After I had helped to defeat a railroad candidate for membership in the legislature, in my own county, I was asked to meet Mr. Blythe. He was, I found, an agreeable and able man."

"Our Republican leaders," Mr. Blythe said to me in his office, "are dying or retiring from politics. We need young and competent men to assume their honors and take up their burdens." Presently he opened a drawer of his desk and exhibited a thick pile of letters, signed letters, written with pens

and not on typewriters. They bore different dates. Three were from governors of Iowa, several from Senators in Congress and a dozen or more from members of the National House of Representatives. I read the letters. All extravagantly thanked Mr. Blythe for the service he had rendered to the writers. "You nominated and elected me," said each of those faithless servants of the people."

"And—" the writer of these lines began.

"I went out of Joseph W. Blythe's office," Colonel Brookhart hastily interrupted, "determined to fight the railroads and drive them out of our politics."

At the time that Colonel Brookhart's seduction was attempted on a high mountain by Satan, he was a lawyer in the town of Washington, which then had about 3,500 inhabitants. He had come from a near-by county, where he taught school and studied law. After his admission to the Iowa bar, he sold his watch for \$30. He had \$10 and some odd cents when he settled in Washington. Born in a log cabin, just across the Iowa boundary, in Missouri, he had lived his few years among farmers. He has since dwelt and wrought, except when in the army, altogether among farmers, growers of oats and corn and producers of pork. He now says, biographically, in the order, apparently, which he believes to be his merit, that he is "a farmer, teacher, lawyer and soldier."

"For twelve years," he said, "I foolishly gave up farming. Then I took it up again. I am a farmer now and make no claim of being anything else. I saved my money, while a lawyer in Washington, and purchased 28 acres of land east of town. Sixteen acres are in apple trees. When I could afford it, I built a house in which I have lived ever since. I also own some wood land, and my brother and myself are partners in another farm."

"Wall Street" and "the common people," it has been stated, are among the *viva voce* tools and weapons with which Colonel Brookhart goes about his labors in politics and his economic upheaval. Also, he constantly utters such phrases as "deflating the farmers," as if they were bags, and "widespread agricultural bankruptcy," as if the farmers, as a class, were in dire want and distress.

It would seem, so far as it is known outside of Washington County, that Smith W. Brookhart's chief recreation up to 1917 was found in the Iowa National Guard, which he entered as a private when he was twenty-five years old and in which he remained almost continuously until the United States became involved in the World War. He was an officer in the Spanish-American War and served with Iowa troops on the Mexican border.

Delirious Speculation In Land

WHILE he was in the World War, a colonel by rank and chief instructor of marksmanship at Camp Perry, Ohio, and later at Camp Benning, Georgia, wild happenings, agriculturally, were taking place in Iowa. Pork on foot advanced to twenty cents a pound and corn to \$2 a bushel.

Farmers and tenants, garage owners and merchants, commercial travelers and bankers, railroad conductors and liverymen, physicians



© Harris & Ewing

Smith Brookhart—sometime soldier, but always a farmer—and proud of it

and politicians were speculating in land. The delirium was coincident in central Illinois, western Indiana, northern Missouri, eastern Kansas, southern Minnesota, North and South Dakota, and Nebraska, and embraced, it should be noted, that part of the United States which afterwards became defiant and obstreperous in Congress through what came to be known as the "farm bloc."

Gambling in land went to such dangerous lengths in Iowa and contiguous states that David F. Houston, Secretary of Agriculture, alarmed by the situation, sent eight investigators into the field with orders to ascertain the facts. The writer of this story read the reports of those investigators. Farms, their location and acreage, with the names of sellers and purchasers and the prices and terms, were dealt with in hundreds of instances.

In all of the purchases only small payments in money were made; in most transactions no more than \$2,000. That sum, \$2,000, was deemed to be a large enough "margin," as the term goes in Wall Street speculation, to close a bargain amounting to as much as \$100,000. Land that had moved rather sluggishly in 1913 at \$185 an acre rose to from \$350 to \$465 an acre.

The reports of the investigators showed that large payments in cash would be due on March 1, 1920. (A date that should be kept in mind.) The amounts of a few are given herewith by way of illustration: \$8,000, \$24,000, \$26,000, \$7,000, \$41,500, \$35,575, \$30,200, \$18,000, and \$20,000.

acre to borrowers. Meanwhile hard times began to lay a heavy and gloomy hand on all kinds of business in the United States.

Pork fell in price. Corn kept it close company. Colonel Brookhart attributes the decline in the prices of agricultural products to the deflation policy of the Federal Reserve Board. Loans made to farmers were called, he says, and crops had to be thrown into the market. The market being glutted, values melted.

"I have been trying to learn but without success," Colonel Brookhart said to the writer, "who was responsible for calling the loans made to farmers. Some one told me, and I guess that it is as good an explanation as any, that Jack Morgan (J. P., of Wall Street), leaving his club one day after lunch, remarked to a companion: 'Well, it is about time that we began to deflate the farmers.'"

Colonel Brookhart, home from the World War, during which he trained thousands of officers in marksmanship, so that they could train their soldiers, was on the ground when promissory notes, payable March 1, 1920, fell due. And hundreds of mortgages for large sums were "still running." There was agricultural distress, without doubt, in Iowa. And an angry search for scapegoats. During that year, 1920, Albert B. Cummins again became a candidate for the United States Senate. Colonel Brookhart went into the primaries against him and was only defeated by some 10,000 votes. "The deflation of the farmers," the rascality of Wall Street

Mortgages for still larger sums, payable in from ten to twelve years, and which, at this moment, are still running, were placed on the farms. "Still running," as a phrase, also should be remembered.

In many cases farms, between January 1, 1919, and January 1, 1920, had two, three, four or half a dozen owners. There were many fast workers in Iowa and near-by states at that time. The sensational reports of his eight investigators caused Mr. Secretary Houston to issue the following warning to the gamblers in land: "In general, it is safe to require an initial cash payment of one-third the sale price." And the Farm Loan Board in Washington notified the land banks under its jurisdiction not to advance more than \$100 an

and the greed of the railroads were the subjects of his campaign speeches.

Last year he and five other men engaged in a contest for another Iowa vacancy in the Senate. It was a lively battle. "The development of our country," Colonel Brookhart declaimed to his rural audiences, "has divided our people into blocs with divergent interests. It is impossible," he declared, "to represent all these conflicting blocs. No honest man will pretend to do it. The politician who stands for all the people is a delusion and a false pretense."

"I, therefore, want to state plainly what blocs I will support and what oppose," the Colonel said. "I will not support the Railroad Bloc, the Oil Bloc, the Steel Bloc, the Tobacco Bloc, the Sugar Bloc, the Beef Bloc, the Money Bloc, the Wall Street Bloc, the United States Chamber of Commerce Bloc, or the great paternal Social Bloc."

"On the other hand," the Colonel pledged, "for 365 days in the year I promise to support and fight for the Farmer Bloc, the Labor Bloc, the Soldier Bloc, the Mother's Bloc and that part of the business world which co-operates with these blocs for its prosperity."

The Federal Reserve Board, he said, ought to be composed of "three farmers, two laboring men, two men of little business and one man of big business." He swept the state at the primaries, receiving 41 per cent of the total vote, against the five other candidates, and was elected by a plurality of 160,000 votes over the Democratic nominee. It may be gratuitous to say so, but "the mortgages were still running." Neither had corn gone back to \$2 a bushel, nor pork to twenty cents a pound.

"The deflation of the farmers," he thinks, cost them seven billion dollars in 1921 and more in 1922. Yet 40 per cent of all the deposits in all the banks of the nation belongs to them. Labor, he says, owns 25 per cent of the total deposits. Forty per cent and 25 per cent equal 65 per cent. Therefore farmers and laboring people should govern the banks and the business of the country.

Farmers and union working men, he predicts, will coalesce. "There is no doubt of it. Every labor leader in Iowa voted for me. I told the farmer that he received but thirty-six cents out of every dollar that the consumer paid for his products. I told the laborer, after consulting with his leaders, that he received but thirty-five cents out of every dollar that the public paid for the article he produces."

"Why," I asked my audiences, "should the farmer fight the laborer in the forenoon and the laborer fight the farmer in the afternoon when neither is getting his share?"

"How can each get his share, matters being as bad as they are?"

"Through cooperation," Colonel Brookhart replied. "I am studying that question now. Joint buying and joint selling. Besides, I would limit profits, just as interest on money is limited in most states. It is usury to take more than 8 per cent in Iowa."

"YOU have been called a —."

"Bolshevist," said the colonel, completing the interviewer's sentence. "Nevertheless," he went on, smiling, "one of my ancestors fought with George Washington at Brandywine and my father was a federal cavalryman during the Civil War—and his home, let me add, was in Missouri."

A homespun and friendly man is the colonel. His coat is short and his collar is a part of his white unstarched shirt.

"I was born on ground-hog day in 1869," he volunteered to observe, "but I have never been afraid of winter weather."

FAIRS

Their Influence on Trade

By Frederick Simpich

IN THE Book of Esther we are told that old King Ahasuerus gave a fiesta, "to show the riches of his glorious kingdom." Since that first of all industrial fairs, down through the years to the present centennial celebration in Brazil, these expositions have multiplied and developed, bringing together the people of counties, states and nations—of the whole civilized world—to be amused, instructed, to get acquainted, to buy and sell.

Canny old King Ahasuerus first proved that a good snappy fair, with plenty of noisy side shows and a wide-open midway, would speed up trade in his kingdom; and in 1900 the paid admissions at the Paris Exposition were over 39,000,000! Now, here or there, somewhere in the world, a fair of some kind is going on every day; the exposition, "world's fair" type, or the industrial fair, like those at Lyons, Leipzig or Milan.

At Leipzig, I recently saw the historic international "Messe" or industrial fair established in 1268. Little money was in use then, and most goods changed hands through direct barter. Today this fair occupies ninety-one buildings, and at the Leipzig Spring Fair in 1922 there were 700 foreign exhibitors, and 31,994 foreign visitors registered. Buyers came from China, South America and India. New York



Rio de Janeiro.—View of the Palace of Industry from above. (Middle)—Float in a European fair parade. (Bottom)—Interior of the exposition hall at the Textile Fair, Frankfurt, Germany



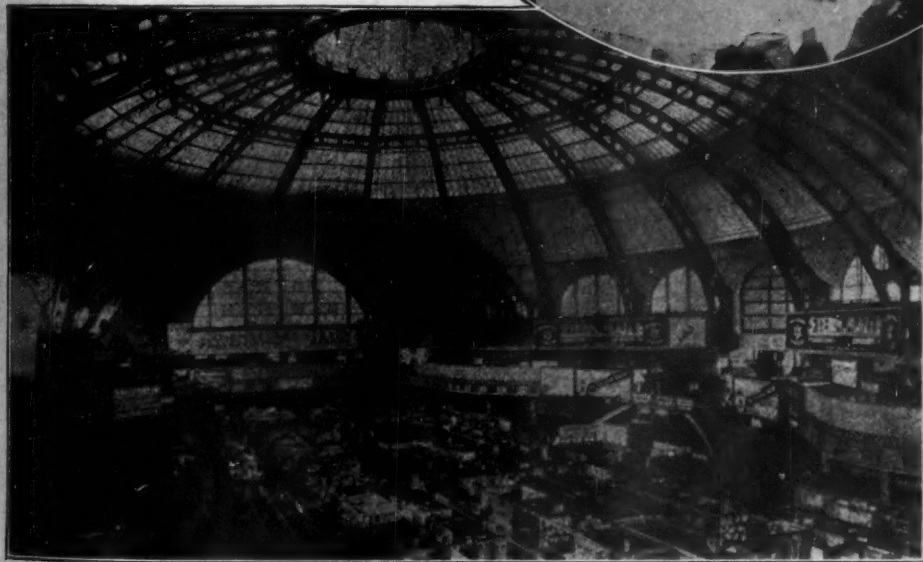
pour in from all the cities of central Europe. The gamblers, pick-pockets and adventuresses are there, too, to prey on the verdant small-town merchant, or on the fat, sleek buyers from Berlin and Rotterdam. But the oddest of all sights is the curious street parade advertising the wares of various exhibitors. Giant figures with startling faces, paper masks of comic or hideous design, are a popular form of publicity.

In the countless booths different exhibitors display their samples and, order book in hand, do business with buyers talking every tongue from Parsee to Portuguese. There are probably more printers in Leipzig than anywhere on earth, and at the Easter Fair booksellers, from all over Europe congregate. In one catalog, it is said, over 5,000 new books were once announced!

Sample fairs, in one line of industry or another, are so constant that at our Department of Commerce there's a "fair specialist," who keeps accurate tab on the efforts of our European rivals to build up exports by means of these exhibits. In a recent statement he says:

Fairs and exhibitions are the most effective means of commercial advertisement in Europe. At the recent Vienna Sample Fair, 200,000 tickets were sold, and 4,500 exhibitors, of whom 600 were foreign, effected sales to the amount of about 25,000,000,000 crowns. At the Prague Sample Fair in the spring there were 2,500 exhibits, of which 507 were textiles, 291 hardware, about 5 per cent representing foreign firms; and some 1,250,000,000 Czechoslovakian crowns were realized.

American exporters have taken some interest in European fairs; and at the London Automobile Show, November 4-12, of the 150 cars exhibited sixteen were American, while at the Bordeaux Sample Fair, June 15-30, there were twenty American exhibits, principally of agricultural machinery and products. At the Milano Fair in April, of a total of 609 foreign exhibits 303 were German, with the result that a large portion of the 393,000,000 lire worth of business done at that fair went to German manufac-



and Chicago department stores were placing orders for leather goods, cutlery, jewelry, amber and ivory goods, china and glassware, porcelains, hosiery, musical instruments, dolls, toys, and optical goods.

"I want 1,500 of these amber necklaces," a jeweler from San Francisco confided to me, "but the Germans can deliver only fifty. That's the trouble now in Central Europe;

you may see a sample of the thing you want, but they haven't got goods enough in stock to fill a fair-sized order and future deliveries are sadly uncertain."

Leipzig during these fairs affords a curious, medieval aspect. The whole business section of the city is *en fete*, flags, bunting, and music. Theaters, cafes, and all amusement places are jammed; thousands of visitors

turers. The Algeciras spring fair is really an English merchants' exhibition.

Generally, "International Fairs" welcome foreign exhibitors. The governments offer encouragement by facilitating passport regulations and admitting bonded samples free of duty. At the Bordeaux or Marseilles colonial exhibition, promoted to bring French Nationals and Colonials together for the encouragement of the export of French manufactured wares and the import of French colonial goods, American exporters are afforded an opportunity to exhibit such a variety of articles as agricultural machinery, mechanical mixers for pastry shops and hotels, automobiles, motorcycles, tobacco, oil, flour, candy and other things needed, for instance, in the biscuit industry, which in 1919 imported more than 10,000,000 francs' worth of material.

Every wise advertising man knows that the awards and diplomas bestowed on certain goods and wares at any great exposition are of peculiar business value. "Gold Medal at St. Louis in 1904," or "Grand Prix, Paris, 1900," when printed on a wrapper or showing a reproduction of the medals embossed in gold ink, wields a singular selling force. The Baldwin Locomotive Works, for example, probably never took an order for an engine—not even a hand-car—merely because they have had models on exhibit at fairs. Yet today their sixteen gold medals and "highest awards" are of enormous cumulative publicity value.

One significant example of how some European manufacturers use a fair to sell goods is seen in the thorough methods of the British Industries Fair. An official report says that British exhibitors in the pottery section alone issued invitations to 95,000 domestic and 60,000 foreign buyers, written in almost every known language.

Probably the largest fair in the world is this same British Industries Fair, held annually in London, Birmingham and Glasgow. These are strictly trade fairs; there are no idle sight-seers, no side-shows or amusements. Unlike the international fair at Leipzig, only British manufacturers are allowed to exhibit. This is England's effort to boost her own exports, to compete with the continental fairs at Lyons, Leipzig, Milan, etc.

Clever trade promotion is illustrated by the 45th exhibit of the British Department of Overseas Trade, held last year at Newcastle-on-Tyne. The 100,000 samples of manufactured goods shown were indeed a unique collection, *not of goods made by Britons* but of goods made by Briton's rivals—by Americans, Germans, Austrians, etc. Not only could the British manufacturer see and estimate the quality, style and relative merit as compared with his own product, but he could learn the *price*. For all samples exhibited were marked with the date of purchase, the retail price at that time, and the name of the country to which exported!

Among the samples of American goods thus shown, priced, and tagged with the name of

the country of destination were electric cooking and heating appliances, hammers, files, drills, grindstones, paper, pens, all kinds of brushes, face creams, cosmetics, cutlery, chemicals, and many other articles. Wholesale prices were imparted only to the British manufacturer who showed intention of competing against the foreign-made wares.

Since the rise of the new Czech nation, the Sample Fair at Prague has attained international importance. Last autumn over 1,000,000 visitors saw this fair—of which 110,000 were buyers—patronizing the 2,530 exhibitors. To the Prague Autumn Fair of 1922, came agents of the Association of British Industries, and a group from Moscow and from the Ukraine Republic. British Trade organizations send scouts to all big European fairs; they rent booths, show



From an etching by H. Molin. Main Court with Memorial Hall in the background at the Gothenburg Tri-Centennial Fair (Sweden), which will open early in May, 1923, and continue until the end of September

picked lines of samples and distribute propaganda. Our consuls abroad have often urged that such groups as the United States Chamber of Commerce, the National Association of Manufacturers, the National Foreign Trade Council, and similar organizations should also send delegates.

Often such fairs are held by a country that wants to strengthen or expand some one certain industry. Belgium, for example, is noted, among other things, for its excellent draft horses. So, if the Belgian horse trade gets dull or if it looks as though some other country might be trying to crowd Belgium out of the breeding-horse market, an international horse show is planned.

Missouri breeders of fine cattle can tell you the value of these animal fairs. "White face" bulls from Missouri, well advertised to foreign buyers through exhibits at various fairs, have been exported to nearly every country on earth.

At the St. Louis Fair in 1904, "pina" and "jusi" cloth was first exhibited to the American woman. Today, the import of embroidered garments from the Philippines is an established industry. Holland's chief item of export is bulbs.

There's a political phase to many fairs, too. Down at Rio, for example, Brazil celebrated her hundredth national birthday. High officials of various foreign governments, including our own Secretary of State, were invited by the Brazilian Government. Whether the motive of the country playing host, in a case like this, is to build up its foreign trade, develop its tourist traffic, create a favorable atmosphere for borrowing money, or merely to strengthen the bonds of international friendship as a matter of policy, a motive of some sort is always there. And the motive is generally understood, at least tacitly, by those statesmen who accept.

Official protestations of eternal love and affection as between nations in no way prevent the English, the American and the French machinery salesman from trying to convince his polite, even if hastily scraped, Latin prospect that his particular engine, motor car or tractor is better.

As long ago as 1268 the doge of Venice staged an industrial fair, including a scenic water fete, and a procession of traders and industries. The various guilds marched through the narrow streets to the great square of St. Mark and spread their products there, for the gracious inspection of the dogressa. After the great trade fair in the Grand Court of the Louvre, in 1801, all winners of gold medals were invited to dine with Napoleon.

When Cortez and his handful of Spanish troopers conquered the Aztec nation and robbed Montezuma of his treasures, they found the Anahuac people holding fairs. Prescott says the great fair or market in the Aztec capital—now called Mexico City—was attended by 50,000 people.

The word *fair* itself was probably borrowed from the Romans by the church and applied to her own festivals. Time was when fairs were opened with prayer, and when part of the profits accrued to the priests. The modern "church bazaar" is probably a survival.

The vast wealth and treasure shown at the great Cremona fair tempted Vespasian and his troops to sack and destroy that beautiful city.

And, to come back to modern times, "the Yankees," according to a late dispatch from Germany, "swooped down on the Frankfurt fair and, because a dollar bought a bushel of marks, they literally cleaned the place out—even to the novelties made of puma skin and alligator hide."

What the Railroads Would Like

By CHARLES FREDERICK CARTER

IF YOU HAD the unhindered power to do for the railroads what you thought best for their owners, their management, their employees, the shippers and the public, what would you do?"

On the hypothesis that nearly everyone is having something to say about what should be done, it would seem to be helpful to get a reply to this question from railroad men themselves. A composite answer, which has just been obtained, is of unusual interest in that it can be set forth in fourteen points as the railroad man's view of the road to salvation for the railroads.

Here are the fourteen points:

1. Retain the Transportation Act, or at least its basic principles, until it has had a fair trial.
2. Retain the Railroad Labor Board, taking from its membership representatives of both the roads and the unions, and make it a judicial body; limit the board's jurisdiction to train and engine men; place it in Washington and let it work with the Interstate Commerce Commission in order that the payment of wages may be synchronized with the earning of money with which the wages are paid.
3. Establish and maintain closer personal contact with employees as one means of counteracting the effect of the ceaseless chanting of hymns of hate by labor leaders of a certain type who preach that the employer is the workman's worst enemy.
4. Retain the Interstate Commerce Commission, but limit its functions to the supervision of rates. Transfer administrative functions to a new body, possibly headed by a cabinet officer.
5. Deprive the states of all control over rates.
6. Make railroad consolidations permissive but not compulsory.
7. Place car service under government control.
8. Stop the eternal crippling of the railroads by means of enforced rate reductions for the benefit of shippers in particular sections and shippers of particular commodities.
9. Stop taxing railroads to subsidize competitors; i.e., to build highways for trucks and canals and waterways for boats. Tax and regulate truckmen and boatmen on an equality with railroads.
10. Cease enacting restrictive railroad legislation that might have been applicable to the Jay Gould era. Conditions have changed materially.
11. The futility of valuation having been demonstrated, stop it and save millions. Cut out other expenses such as incurred in making costly reports that are never opened.
12. Stop enforced expenditures of vast sums for things of doubtful value, or of no value, such as automatic train stops.
13. Allow railroads more latitude in managing their own affairs. That authority goes with responsibility is a cardinal tenet.
14. Finally, and above all else, give the railroads, if not for their own sake, for the sake of the country, the privilege of

TALK with one railroad executive after another, get the views of this president and that, keep that up for weeks and then focus the results in one short article. That's what Mr. Carter has done here. This is not necessarily what the railroads ought to have nor what the business public thinks they ought to have—it's what they themselves are asking.

THE EDITOR.

earning a living wage. Granting permission to earn 6 per cent if they could under conditions imposed was but a gesture.

Railroad executives are strong advocates of the Transportation Act. They have glorified it as one of the best pieces of work Congress has ever done and have said they would be sorry to see it modified, amended or changed until it has been given a fair chance to show what it could do.

Yet it is a matter of common knowledge that a committee of railway executives has been appointed to draft amendments to, or a substitute for, the Transportation Act. To put the matter succinctly, the executives would like to hold on to all that is good in the Transportation Act as a foundation on which to rear further constructive legislation.

Executives Support Labor Board

IN declaring their support for the Labor Board the railroad executives insist that its composition be changed. If the railroads ever meet the Labor Board on a dark night in a lonely spot when no human help is near, I shudder to think what may happen.

As one executive explained the matter, the activities of the Labor Board are of vital interest not merely to railroad managers but to business men generally, particularly those who employ machinists, blacksmiths, boiler-makers, electricians and other craftsmen. When employed by a railroad company these men do the same sort of thing in the same way that they would if employed by any manufacturer. Such workmen have no difficulty in changing from railroad to industrial employment, or vice versa.

When the Labor Board fixes rates of pay for these crafts among railroad employees it also fixes the rate for all other industries requiring similar classes of labor. In other words, if a blacksmith is paid 90 cents an hour by order of the Labor Board when he works for a railroad the going rate for blacksmiths in other industries is pegged at that rate, even though before it may have been only 70 cents.

There is no more reason, it is contended, why working conditions and wages of shop crafts and similar employees should be subject to government regulation than the wages and working conditions of mechanics in factories, clerks in stores, or laborers, because the shop crafts and such are not specialized railroad workers.

"The Labor Board's jurisdiction," he continued, "should be restricted to men in essentially railroad service; that is, engineers, firemen, conductors and trainmen. These men, the ones who are directly concerned with the operation of trains, are the only ones who are specialists who could not readily be replaced without preliminary training."

Again, the Labor Board is regarded as just another barrier interposed between management and employees. What is needed is closer personal contact between management and men.

This need has been recognized by the Pennsylvania and the New York Central by the creation of a new office, that of vice-president in charge of personnel.

Before the Transportation Act was ever thought of, the best operated, most efficient railroads were those on which there was the closest personal contact between officials and men.

Another grievance is that everything done by the Government since the Adamson Act has tended to place a premium on inefficiency. "Punitive over-time" is to all intents and purposes a bonus for wasting time, because if you can make your job last longer than is really necessary you get time-and-a-half for over-time. From the management's point of view, time-and-a-half for over-time is fundamentally wrong.

Three elements are to be considered in rewarding a man; time, energy, and ability. No man can control time, an element of vital importance to the employer. But he can control the energy he applies, and if he is gifted with superior ability he deserves to be rewarded for that by fixing his compensation on a piece-work basis or by a bonus system.

On this principle the New York Central, for example, is developing a bonus system that will reward train and engine men for bringing their trains in in less than a certain standard time instead of paying them a bonus of time-and-a-half for losing money for the company by dawdling along the road.

Crews Can Boost Car Earnings

TO ILLUSTRATE what this means, a carload of high-class traffic from Chicago to New York and return under preferred movement might earn, for example, \$300. Under time-and-a-half for over-time it might take fifteen days to make the round trip, thus making the car's daily earnings \$20. But if under the bonus system train crews could be induced to cut the time to twelve days, not an unreasonable time, the car's daily average earnings would be \$25, an increase of 25 per cent. Apply this principle to the great number of cars in transit and it will be seen that any scheme that will speed up traffic is of importance.

One point that seems surprising to the innocent bystander is the emphasis laid by executives on the desirability of continuing rate control by the Interstate Commerce Commission. They say that, if the bridle were taken off, an orgy of rate cutting and consequent demoralization would ensue worse than anything known in former days. I blush to record it, but one executive went so far as to say that "Traffic men are fools;" hence it was essential that there should be some

power they would respect to keep them from slashing rates, but not too much power. One regulating body should suffice for the whole country, and it should be relieved of all other duties so it could give rates the attention their importance demands.

The report of the Interstate Commerce Commission for 1921 shows that "At least a million changes in individual rates have been filed with us. The increases were to remove discrepancies in rate adjustments and classifications. The reductions have been material, entailing reductions in carrier revenues of millions of dollars."

Under such an avalanche of changes, not to mention the manifold other duties imposed, the Interstate Commerce Commission has acquired the habit of automatically suspending for the maximum time allowed by law all proposed changes in rates when they are filed. If the general freight agent wants to make a special rate to move a seasonable commodity, a situation requiring immediate action, he has to file the proposed change with the commission, which suspends it for five months to await a hearing. By the time the hearing comes along the commodity has decayed on the ground for lack of a rate that would permit it to be moved at a profit; the owner has pocketed the loss and cursed out the railroads instead of the commission, the real culprit, until he is out of breath, while the general freight agent has forgotten the incident so utterly that he can't for the life of him explain at the hearing what it was all about.

The commission is peeved, the general freight agent is so rattled by repeated experiences of this kind that—why, they tell a story about a general freight agent in New York who had become so habituated to these postponements that when his wife attempted to kiss him good-bye when he started to go to his office he told her to suspend the salute for ninety days until a hearing regarding its reasonableness could be held.

Now you can understand what Howard Elliot, chairman of the Northern Pacific, meant when he spoke of the "Red tape-worm gnawing at the vitals of efficiency." Also you can understand what another executive meant by saying that "We want quicker action. We have got to move this machine faster. We would like to have the opportunity of putting in a rate on three to five days' notice to do a certain thing when it looks as if we ought to do it; but, you see, if we ever get a rate down we cannot get it up again."

"I hope to see the day when I may be allowed the latitude of going ahead, quickly determining according to the conditions surrounding me. When it appears that we should change to meet the demands of business it takes so long to get the change through

that the opportunity passes before it can be done. The Interstate Commerce Commission is a wonderful institution; it is a necessary institution. But I should like to see latitude enough given it to allow it to go along with us to do some of these things experimentally."

While on the subject of rates, it may not be amiss to say that a major grievance of the railroads is the perpetual clamor for reduction of rates. In too many instances the clamor is raised by shippers who are looking for a subsidy. Two basic ideas are embedded in the consciousness of every true American: one is that laws apply exclusively to the other fellow; the other is that he is endowed with an inalienable right to discounts, bonuses and subsidies. Railroads in particular have always been regarded as game, the open season for which lasts six months twice a year. Rebating being forbidden by law, the obvious thing to do is to get your subsidy by the legal process of a reduction in rates. And today, as in the good old times when a spade was called by its right name, it is the big shipper who pockets the big sums from reduced rates while the little shipper, as usual, gets what the boy shot at; that is, he gets no service at all, because the railroad has to fork over to the big shipper in reduced rates the small change it had hoped to save to buy a new car with.

In 1921 the railroads paid in taxes \$275,882,150, which was a little more than 10 per cent of the five-year expenditure on highways; or, to put it another way, the railroads pay in taxes every year a little more than half the annual expenditure on highway construction for the benefit of trucks to compete with them.

Anyone who thinks this truck competition is not material may like to know that by actual count 2,000 trucks passed over a bridge at Bridgeport, Conn., in one week, each carrying an average of 3 tons at an average of \$10 a ton representing a loss in revenue of \$60,000 to the railroad which otherwise would have gotten it. That is a fair sample of many hundreds of cases. And by way of rubbing it in the American Road Builders' Association recently demanded a reduction in freight rates on all materials used in building highways.

Adding to the five-year cost of highways the \$155,000,000 the Government spent on inland waterways since 1913, the \$155,000,000 the State of New York spent on its barge canal, the Government's investment of \$443,000,000 in the Panama Canal and \$13,500,000 in other canals since 1913, and we have a grand total of \$3,502,500,000 of subsidies for competitors of the railroads. These competitors pay not a penny of the cost of highways and waterways nor for their maintenance and operation with the trifling exception of the truck's license.

For the sake of emphasis it should be repeated that railway executives recognize that all possible transportation facilities are needed; but to subsidize them from state and national treasuries and at the same time handicap the railroads does not seem to be a sound national policy. They want all hands to have a square deal: the trucks to pay a just share of the cost of construction, maintenance and operation of the highways and the barges to pay a like share of the cost of waterways. Or else let the Government pay for the cost of the railroads and the annual cost of maintenance of way and structures which in 1921 was \$756,413,691, which would be another way of equalizing the handicap.

It is the Fourteenth Point that sticks out like a sore thumb in all railroad discussions. Unless the railroads are allowed to earn a living wage, there won't be any railroads. The executives demand that they be allowed to earn a return sufficient to pay operating expenses, taxes, fixed charges and dividends on stock substantially equal to what other investments pay. Otherwise no one will buy railroad stocks.

True, the railroads have been granted permission to earn 6 per cent if they can, but not more than that. Let's see how they have



Showing a few of the refrigerator cars in the process of reconstruction in the yards of the Merchant's Despatch Transportation Company

International News Reel

Speaking of subsidies, the railroads would like to put an end to the practice of paying billions of public funds to subsidize trucks and canal boats and coastwise steamships. They do not object to the highways, for they are needed, and so are the barges. But the railroads ask if it is exactly fair to spend \$2,736,000,000 on highways in the five years ending with 1921 and then hand them over to truckmen to use without money and without price, without regulation, free to take the most profitable traffic and charge all it will bear and refuse the undesirable traffic which a railroad cannot do because it is a common carrier obliged to take what offers.

availed themselves of the privilege. High water mark of railroad prosperity was 1911, when 67.65 per cent of all railroad stocks paid dividends, the highest point reached before or since. Since then the proportion has declined to 57.24 per cent while the rate on dividend paying stock has declined from an average of 8.03 in 1911 to 6.51 in 1920, an equivalent of only 3.72 on all railroad stocks.

Even an investor notices these things. Now turn to industrials for a few comparisons. In the first fifteen days of November 41 industrial corporations declared stock dividends ranging from 20 per cent to 700 per cent. Nineteen of the 41 declared 100 per cent or more and in many instances added cash dividends up to 50 per cent. Now if you had money to invest, would you put it in railroad stocks that would not be allowed to earn more than 6 per cent with an even chance that it would earn nothing, or would you put it in stocks paying from 20 to 700 per cent, or even in some of the plug industrials that only pay from 8 to 16 per cent?

If you have difficulty in deciding, let's see what other people think. One day in No-

vember 56 industrials were traded in on the New York Stock Exchange at prices above par up to 532, none of them paying less than 8 per cent. Of railroad stocks traded in that day 15 were above par; one was the Canadian Pacific. Of deals in 1,000 shares or more, there were 171 industrials and 45 railroads.

The highest priced railroad stock was the Canadian Pacific, which sold at 142½. But then the Canadian Pacific, being out of reach of our 6 per cent Congress, has been paying 10 per cent regularly for years, though it runs through relatively poor traffic territory, while the Pennsylvania and New York Central, located in the densest traffic territory on the continent, pays 6 and 5 per cent, respectively. If you were looking for something cheap that day you could have picked up shares of one railroad at 2 cents on the dollar, or stocks of any of four railroads at less than 5 cents; of 9 more between 5 and 10 cents; of 4 between 10 and 20; of 8 between 20 and 30; of 6 between 30 and 40; and of 3 between 40 and 50 cents.

Since investors will no longer buy railroad stocks the railroads now have to issue a bond

whenever they want to buy a can of axle grease. The impairment of railway credit has been due to the increasing preponderance of bonds over stock, the present funded debt exceeding the par value of stock by 27 per cent. Twenty years ago railway stocks and bonds were equally divided. Since then stock has increased about 50 per cent while bonds have doubled, increasing in twice the ratio of stocks. Stocks should compose at least 50 to 60 per cent of the total railway securities, including the bonds, but how is this to be brought about if no one will buy the stocks?

But just why should it be deemed praiseworthy enterprise for an industrial corporation to pay a single dividend of 700 per cent while a railroad corporation is forbidden by law to earn more than 6 per cent, with chances even that it can't earn anything owing to oppressive restrictions?

Railway executives, so far as heard from, agree with the rest of us that regulation for railroads is as necessary as for banks, for instance, but a certain amount of expert knowledge is required, even to run a railroad. Why not let railroad men try their hands?

Your Interest in Reclamation

By JACK UNDERWOOD

THAT LAND ain't worth fifteen cents a square mile," positively declared Bill Hoffman, my farmer friend. Bill was from Iowa and generally reputed the last word of authority on the subjects of agriculture and horticulture—or at least so I thought at that time. Later I learned there are several different kinds of farming, and there is one variety with which Bill was not on terms of intimacy.

Some land in Eastern Washington was being offered for sale at the trifling sum of \$1.25 an acre. A kindly railroad executive slipped me a quiet tip that great developments might be expected in that region. To induce him to look the proposition over, I gave Bill \$60 and a promise of a liberal slice of acreage for himself if I invested. I was quite enthusiastic as I shook hands with him at the depot. Here at last was my tide of opportunity, which, taken at the flood, was to lead on to fortune. There was to be a division point and a round house for the railroad; a new city was to spring phoenix-like from the desert—a city of prosperous people, surrounded by a happy yeomanry rais-

ing abundant crops and with their cattle grazing on a thousand hillsides. The report from the expert was a deep disappointment. My dream of opulence was shattered.

"But, Bill, now listen," I argued. "There must be something to it. I know my railroad friend wouldn't start me out on a false stampede. I did that fellow a great favor once—almost saved his life. He wouldn't give me a wrong steer. I think I'll buy two or three thousand acres just for a gamble."

"Don't do it," Bill implored. "Your friend may be on the level, but if he is, he doesn't know a farm from a soap factory. I tell you that soil will never grow nothing but snakes and jackrabbits. It's a land of sand, sin and sorrow. It's hotter than Manila, and the desert storms are so bad that the birds fly backwards to keep the grit out of their eyes."

"It must be useful for something," I persisted. "I know the railroad company has had a bunch of surveyors up there, and other persons of capitalistic proclivities have been snooping around. The land is so cheap it would be a pity not to buy some of it. I'll

grab a few acres—just a few hundreds—and give you part of it. You can look after it for both of us."

Bill gave me a look that would have withered a block of granite. "If you'd been a woman," he said, "you'd have been a prize sucker for the sacrifice sales and fake fire ads of the cheap department stores. Nobody with any sense buys anything just because it's cheap. I've told you the land is no good. I wouldn't live over there if you gave me the whole country, and anybody that attempted to slip a deed to part of it into my pocket would make an enemy of me for life." He won. I quit arguing.

This incident occurred more than twenty years ago. Last summer I met Bill in Seattle. He was driving a truck. "How're things been coming with you?" I asked.

He looked sheepish, then confessed. "You remember that place where you wanted to buy a few thousand acres of land and offered to take me in on the deal for looking after it—well, I'm just trying to save enough money to make the first payment on a 5-acre tract. Don't let's talk about how good it is, and



Taken a very few years apart from the same identical spot these pictures will show you something of what reclamation can mean

what a bonehead I was, or you'll feel like murdering me. I get mad enough to fight every time I think about it."

Later I went east of the Cascade Range. The city of my dreams had materialized all right, and everybody in it but me apparently owned an automobile. They were parked two deep along the sidewalks on both sides of the streets. Its 40,000 population seemed prosperous to the nth degree. There weren't any cattle grazing on a thousand hillsides, for there were no hillsides worth mentioning—just miles upon miles of flat country, planted to fruit that hung luscious and brilliant from millions of trees. There were other crops, too, but apples seemed to be the main product. Those farmers had more apples than Russia has rubles.

It was a modern city, street cars, electric lights, schools, telephone system, good hotels and all that sort of thing. The stores were modern and filled with up-to-date goods. It was no sleepy hollow. The citizens were not bucolic in appearance, and they seemed to know the full significance of the word "hustle." Later I learned this city was typical of other centers in the reclamation districts. They are all somewhat alike, varying only in size and in the variety of the crops cultivated on the nearby farms.

"This development must have been a lifesaver for the land transportation companies and the manufacturing centers," I thought. I determined to investigate. My railroad friend of former years had been gathered to his fathers, but, not wishing to boast of affluent acquaintances, I know others who have made railroading their life work.

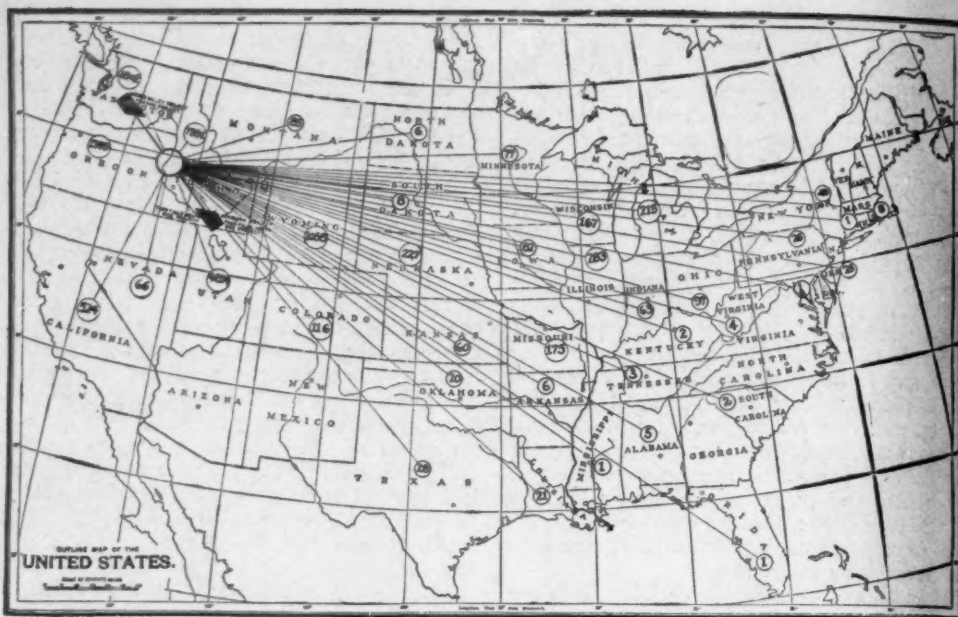
"We shipped 19,800 carloads into the Yakima Valley alone last year and 8,244 carloads into the Wenatchee Valley," a railroad vice-president told me. He was speaking of the year 1921. "We expect to do a much greater business this year," he added. "This is carload lot shipments only and does not include any l. c. l. shipments, and you know there are many products, such as drugs, phonograph records, art goods and many other commodities, of which you rarely get a carload lot. I would say the l. c. l. shipments equal about half the full car shipments in freight, but greatly exceed them in value."

"But how about the return cargoes, so to speak?"

"Our outbound freight exceeds the inbound in volume. Considerable money goes out of the country to purchase commodities in which railroads have no direct interest. For instance, the people of the Yakima Valley paid life and fire insurance premiums to eastern companies aggregating \$3,200,000 last year."

"Where does this inbound freight come from?" I inquired.

"From every state in the Union. The fruit crop of the state was sold for more than \$50,000,000 last year, and it all came from these reclamation projects. The money was expended for every conceivable commodity, including fake oil stocks. We have made a close check on it. I will give you some figures in round numbers that will convey the general idea. These figures apply only to the Yakima project. There was expended for automobiles, tractors, etc., \$5,825,000; for hardware and building supplies, \$2,300,000; for canned goods, mixed groceries and breakfast foods, \$4,150,000; for farm machinery, \$1,250,000; for ready-to-wear clothing, \$3,500,000; for shoes, \$2,000,000; for furniture and household supplies,



The figures represent the number of cars shipped into the territory from the states in which they appear over only one of three railroads

\$2,700,000; for cotton and woolen goods, \$2,200,000; for drugs and sundries, \$2,350,000; for millinery, notions, crockery and electrical apparatus, \$1,950,000. Strange as it may seem, insurance premiums was one of the largest items.

You can guess where these goods originated. The shoes from Massachusetts, the automobiles from Michigan, the tires from Ohio, the textiles from the northeastern states; but if you care for it, I can give you the exact number of carload shipments from each state. It's really an interesting table.

It shows, for instance, that eight carloads of butter were shipped from Wisconsin to the Salt River Valley project in Arizona last year. Did you ever stop to think that it takes each year nearly 5,000,000 pounds of nails manufactured in the east to box the fruit crop of the three Pacific Coast states?"

My informant had been dealing only with a local situation. He began to expand the proposition, and I learned that the Yakima project was only one of the twenty-six federal projects which produce an annual crop value in excess of \$150,000,000, the net loans made

by the Government for this work being \$132,000,000.

"Looking for foreign markets and worrying about exchange rates and speaking foreign lingos and learning foreign methods is simply wasting time," he said.

"Our markets are right here if we have sense enough to develop them. We have only scratched the surface of reclamation possibilities. We have picked up a few little creeks and turned the water on the deserts.

"The work of the past twenty years has been largely in the nature of experiment, like sampling a body of ore to ascertain whether it would pay mining costs and a profit. We should now go into the business on the wholesale and use the major streams like the Columbia and the Colorado.

"All of the free prairie land in the rain belt has been taken up and developed. We must now develop the arid and damp lands. It isn't a local proposition. It is national in its aspects.

"Did you ever stop to think what the development of farms in Iowa did for the mechanics of Michigan?"

"Iowa has an automobile for every six people. You could move the whole state's population to other states on their own wheels and with their own power in one day. Literally thousands of mechanics in Michigan profited from this development.

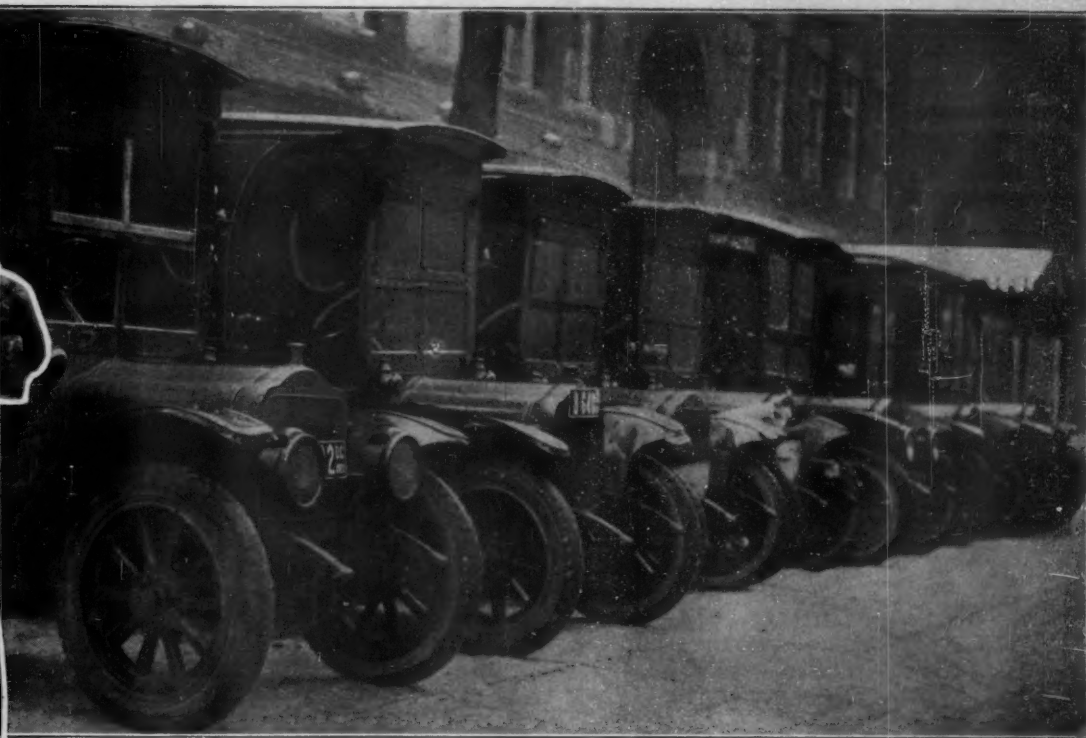
"To date approximately 15,000,000 acres of irrigable land have been reclaimed. A survey recently made by the Department of Agriculture shows there are still 30,000,000 acres of such land susceptible of development. In addition 70,000,000 acres of wet and swamp lands can be connected into farms.

If these lands are reclaimed, they will come within 30 per cent of the production of all the lands under plow in the United States.

"You have seen what the Yakima project has done, not alone for the people living on the project but for the textile manufacturer of New England, the steel maker of Pennsylvania, the cotton grower of the south and the manufacturers of all parts of the country. That result can be many times multiplied."



Out in the heart of the apple country where arid plains have given way to the richest possible return of health and wealth and happiness



Ponderous Chariots of Commerce Wait to Transport the Fragile Freight Fancied by Milady—Her Choice of Seven Airy Articles May Mean Seven Trucks in Use

What the Better Half Thinks

By HERSELF

WOMEN FOLK compose the great mass of retail buyers, purchasing as they do most of the goods used by members of the family and in the household. When the average woman thinks of business she thinks of retailing, because for generations her contact with business has been with the retailing end.

What I am putting down here is a summary of what is running through women's minds in connection with present day methods and practices in the sale of goods and is based on talks not with one but with many intelligent women.

The purpose of this article is not to tell the retailer how to run his business. Women have not had the experience which would enable them to do it; nor have they the right. I do believe, however, that the retailer should know what is in women's minds and that he will profit by a better acquaintance with that elusive organ. I feel that a clear explanation of some of the questions bothering the household buyer today will do much to clear up misunderstandings and to restore confidence in the retailer, if a proper measure of confidence no longer exists.

The retailer cannot afford, as a matter of business, to allow confidence to fade away; and women desire to retain confidence in the retailer. Small satisfaction there is in buying goods if one can not have confidence in the seller and in the materials bought.

"Two thousand dresses in a sale at prices far less than one-half their worth."

This amazing statement, in type two inches high, demanded my attention recently as I turned through the morning paper to learn what was going on in the world. It was the most astonishing item in the paper. There

was, indeed, some startling news on the first page, as there often is, yet no dispatches telling of happenings at home and abroad conveyed such strange tidings as did the line at the top of the advertisement.

Surely, I thought, the economic revolution which we have been told is on the way already is at hand, although it appears to be taking an unlooked-for turn. There is nothing here that sounds like Bolshevism, although certainly this announcement tells of something as revolutionary in economics as anything ever proposed in darkest Russia.

To make sure that the advertiser was not announcing a personally conducted movement in his departure from what we ordinarily have regarded as common business practice I began to explore the pages containing other advertisements. I would see if the established order was threatened by other dealers. Apparently it was.

The largest store in the city selling men's furnishings took up half a page to offer its entire stock of suits at less than cost. A shoe store was selling out from top to bottom at prices one-half off regular values. And as I continued my excursion I discovered that, apparently most of the stores in the city were selling out at half price, at cost, below cost, etc.

What did it mean? Perhaps I shouldn't believe everything that I see in the newspapers. It came to me that some of my acquaintances had the habit of saying, "You can't believe anything you see in the newspapers," but I always had thought they meant the news columns. Certainly the advertising columns which I had been reading were not written by irresponsible young reporters; they must have been prepared in the stores

themselves, and surely our leading merchants are responsible men.

What did it mean? Had the merchants been profiteering at their regular prices? Or had they suddenly decided to head for the bankruptcy courts? When two thousand dresses were put on sale at prices far less than half their worth, I wondered what they were really worth, and what standards of measurement one would use to determine their worth. I knew that women complained sometimes that goods were not worth what they paid for them, but I had thought the merchant used a different kind of yardstick and that the prices which the goods would bring might be used by him to determine their worth.

The whole affair was quite puzzling. Most of the merchants had been in business for a long time, and all of them naturally expected to remain in business for a long time to come. Their business was to sell goods, not only today, but tomorrow and the next day. Yet where business must depend on the trust and confidence of the buying public were such advertising methods calculated to inspire confidence? Were not women rightly suspicious of this kind of sales practice? Wasn't it true, as they had explained, that women had learned by experience that it is a rare day when one gets something for less than its worth?

These questions that I asked myself are questions that women are asking everywhere. Women have grown critical of retailing; whether with or without cause, I ask the merchant. I have mentioned some advertisements. They are typical. One can find them in most newspapers any day, anywhere in the United States. But this is one item

only in retailing. Special sales and the advertisements announcing them must make up a small part of the retailer's business. This is a small item perhaps in comparison with a store's business, yet it has a tremendous and overshadowing part in determining the public's attitude towards retailing.

While I am dealing with the question of special sales I might put down some of the things that women have found in connection with them. When a woman sees an advertisement telling of a sale of goods at half price naturally she is attracted to it. If she goes to the sale what does she find? Often she discovers that the garments, if they are garments, are odd sizes, and if she is a woman of normal size nothing in the lot will fit her. Again the goods may be shop-worn, although it is rare indeed that the advertisement gave her that information.

The Old Question of Prices

THE question of sales opens up the whole subject of prices and generates the question: "Are prices too high?" If a woman goes into a store and finds an article reduced from \$100 to \$30 she is quite justified, it seems to me, in wondering if \$100 was not too much for the article when it sold at its original price. Did the merchant overreach himself in pricing it at \$100? Was he a victim of misjudgment in thinking the article would sell at that figure, and is he forced now to get rid of it at its true value? Such questions as these are bound to arise in the minds of women—and to affect their feeling toward retailing in general.

Are prices too high? Women, I think, do not know. Yet one finds apparently the same article in different stores selling at prices widely different. Did the merchant who has the higher price buy badly; or did he price the article at more than its worth. The margin which the merchant places on his goods cannot be reduced, we are told, if the merchant is to remain in business, pay his expenses and have a profit left over for himself at the end of the year. But is there not some way of reducing the margin? One of our greatest manufacturers of automobiles attributes his success to his ingenuity in reducing the cost of making his car. When the fall in prices came he devised new means of cutting costs. Isn't there some way for the merchant to cut his costs? Perhaps he attempted to just as did the automobile manufacturer, but as I remember retail prices were the last to come down. Although during the period of depression the women folks of America could not buy as much as they had been buying I do not remember that merchants reduced deliveries or other conveniences of that character to any marked extent. I wonder if it is true that the only way to cut down the costs of retailing is in increasing the volume of business, and if the experience of cash and carry stores in the foodstuffs line couldn't be extended to other classes of merchandise, such as are carried by department stores and shops of that kind.

There seems to be a general feeling among women that the retailer is not giving to the public the best of service. I do not speak of conveniences, such as credit, deliveries, etc. I mean real service. Isn't the general retailing policy incorporated in efforts to move all the goods possible to move, at the highest prices that can be charged, without reference to the

real needs of the public? Isn't there a tremendous waste in styles, in useless things sold and forced upon the public in conveniences which serve no useful purpose?

I do not believe that women demand so many conveniences, and I am rather of the opinion that the surfeit of conveniences with which we are blessed, or cursed as the case may be, have grown out of competition without much regard to the interest of the consumer.

I wonder if women aren't paying too much for style and design and if they wouldn't be not only content, but pleased, with fewer arbitrary changes.

These questions have to do somewhat with the fundamentals of distribution, but they are not by any means all the questions that women are asking. Remember, that women, when away from home, spend much of their time in the stores. They see the shop from across the counter and in a very different way from which it is seen by the proprietor or the employee. Somehow I am of the opinion that women could suggest very marked improvements in the methods of arranging and selling goods. I know from experience that the sales service in many stores is far from perfect and in instances quite unsatisfactory.

I do not know how much time the management of a store gives to instructing and educating the sales force, but I do not believe that a great deal more time devoted to this would be wasted. It is astonishing sometimes to discover how little salespeople know about the stocks on the shelves behind them and how vast is their ignorance regarding the kind of goods to be found in another department of the store.

For instance, I have known of a case where three departments in a store were selling flannels and no one department knew that flannels were sold elsewhere in the place.

THE better half, who is also the bigger half when it comes to retail buying, approaches the counter these days with a questioning mind. The woman wants to know, when she sees an advertisement "\$100 reduced to \$30" why it was ever \$100.

This, the third of our articles on Distribution, is the result of talks with women—not one, but many—with women such as Alice Ames Winter, President of the General Federation of Women's Clubs, and other leaders of feminine thought.

The writer, whose name we may not use, has given us an adequate picture of the woman's attitude towards the problems of Distribution. Frankly, she says, that she can only ask questions—not answer them—but her questions are ones that the business men of this country will find they have to answer.—THE EDITOR.

I have had salespeople tell me that certain kinds of goods were not in stock when I could see the goods that I wanted on the shelf over the salesperson's head. This is not uncommon. Any woman can relate similar experiences by the hour.

These things irritate the customer and do not make friends for a store. If I ran a store I would put up boxes on which I would paste notices, I think, asking for suggestions. The Pullman Company and other business institutions do this quite successfully and profitably since they have learned that a rank outsider often comes along with a particularly helpful suggestion. I doubt if many women have been inventors of household

appliances, although women have done the housework since time immemorial. The man who stood aside and looked on, did the inventing. In the store the customer is the looker on.

Going back to the attitude of the buyer towards the seller, no woman today believes that her grocer puts sand in his sugar, although in earlier days some grocers may have used chalk or powdered marble. Yet the tradition remains. Women may not be able to express the impressions they have as a result of their long and intimate association with the people with whom they deal. When women find that they must look beneath the top layer of a box of fruit or vegetables they don't say to themselves each time: "I know that there is a chance that I will be cheated." Yet the fact that they look beneath the top layer is evidence of a persistent frame of mind.

Putting It Up to the Clerk

WHEN women ask the clerk in the store if a piece of goods displayed is real silk or if it is all wool they express not only their desire for information at the moment, but a profound distrust also in the character of all merchandise.

I am writing of the problem of nine-tenths of the women who from economic pressure are driven to buy what they must have at the lowest prices possible to pay. These women represent the needs in nearly every case, of a husband and one or more children. So this is not a woman's question alone, but a question of nine-tenths of the population of the United States. True, a man buys a hat, shoes, a suit, and overalls occasionally, but about nine-tenths of the necessities of life purchased for nine-tenths of the country's population pass through the hands of women into the hands of the retail merchant.

One can call women slaves of fashion, addle-pated, "uncertain, coy and hard to please," but after all men are the bosses and in one way or another we must aim to please. If we buy flimsy, worthless garments, it is because men manufacture them and offer them as bargains. Every insidious argument is used to divert women from the straight and narrow path which is defined by good quality in merchandise sold at a reasonable price. If she goes where good quality prevails she is forced to pay for a lot of superfluities which have nothing to do with quality, and if she tries to avoid the superfluities more or less she ignores quality.

When you ask a woman to tell you what is the matter with distribution her first impulse is to splutter. So far as I can see no

single individual seems to blame. Certainly all blame is not on the retailer, for I believe, verily, that if a store were to be opened with nothing in it but reliable merchandise, with no accessories of decoration, no fittings, no spaciousness, no display, no advertising, it would fail so completely that not even a memory would be left.

When the editor of THE NATION'S BUSINESS asked me to prepare this article he did not ask me to outline a cure for the ills of distribution, and I am glad of it, because had he asked me to do that I should have told him to go to the distributor, for he got himself into this mess, and it is his job to get out of it.

A New Slant on the Near East

By BASIL MILES

AT THE outbreak of the World War, the Ottoman Empire, with its capital at Constantinople, consisted of a population of roughly 20,000,000 living in a territory extending over an area about twice the size of Texas or three times that of France. A majority were Mohammedans, for whom the practice of polygamy was righteous—when they could afford that evidence of prosperity. Except for a small percentage of Jews, the balance—a minority, but still numerous—were Christians, of whom the majority belonged to the Orthodox Greek Church, with smaller numbers of Armenians, Nestorians, Maronites and other lesser sects.

With this population and area, only four cities had electric street-car lines, while the railways aggregated only about 3,000 miles of track. Of the 20,000,000 inhabitants, less than 15,000 were reported as engaged in factory work.

This population was composed not only of a Turkish race but also of groups of Greek, Armenian and Semitic races. Moreover, the Ottoman Empire did not constitute an Ottoman nation. On the contrary, it was in fact merely the juxtaposition of separate and often hostile peoples in extensive territory, bound under one government by the military power of a dominant race, the Turks. Until 1908, this government had been a theocratic absolute monarchy, characterized by emphasis upon race and religion rather than upon nationality and citizenship.

The interval between 1908 and 1922 was crowded with a revolution—which reduced the theocratic absolutism of the sultan to the prerogatives of a constitutional monarch, three wars, and the chaos of the period since the armistice. For over two years past, the capital has been controlled by an Inter-Allied High Commission, supported by military and naval forces. Much of the former territory of the Ottoman Empire has been liberated, as in the case of Armenia, the Hejaz, and Iraq (i.e., Mesopotamia, the area between the two great rivers, Tigris and Euphrates), or placed under allied mandates, as in the case of Palestine and Syria. For three years the Greeks held Smyrna and much of its hinterland.

The Building of the Army

EXHAUSTED by political convulsions and the stress of war, in 1918 the Ottoman Empire lay prostrate and disrupted and its army defeated and disintegrated. Today a well-armed and trained Turkish army of over 100,000 men—some say even 200,000—has driven the Greek army into the sea from Smyrna, threatened the British in the Dardanelles and Mesopotamia and menaces the allied hold on Constantinople. A self-constituted civil power, the Grand National Assembly, from its seat at Angora in the interior of Asia Minor, not only controls this army but has successfully deposed the former sultan, appointed his successor and assumed both the executive and the legislative powers of the former Ottoman Government.

How did it happen and what does it mean? The answers are much more simple than might be expected. Many sins have been laid at the door of the Peace Conference in Paris, with more or less justice. There are, however, few clearer cases of faulty policy, not to say stupidity, on the part of the Great Powers than the post-armistice treatment of Turkey.

No sooner was the Turkish army crushed than the victors began to divide the spoils.

THE POLITICAL chemists of the Western World, in experimenting with the residue they found in the bottom of the war cauldron, introduced a catalyst that produced an unexpected crystallization in the Near East. The crystallization took the form of a definite Turkish national sentiment. The catalyst was the occupation of Smyrna by the Greeks on May 15, 1919.

This is the view that Mr. Miles has found to be generally held by thoughtful men who are seeking the constructive way out of the critical situation in the Near East. As representative of the American section of the International Chamber of Commerce, Mr. Miles recently went to Constantinople for the purpose of making a first-hand study of what is going on in Turkey, and why. In the following article he explains what has happened, defines the real problem, suggests possible solutions, and indicates the direction of opportunity in the development of the resources of the territory now under the rule of Turks.—EDITOR.

Great Britain undertook the control of Mesopotamia and Palestine and the adjustment of the position of the Kingdom of Hejaz in Arabia. The French occupied Syria and Cilicia. The Italians took for their share the section of Asia Minor in the hinterland of Adalia, tightened their hold on Rhodes and began to edge up towards Smyrna. When this move on the part of Italy was noticed, it is said to have aroused the keen apprehensions of the British, possibly at the instigation of Mr. Venizelos.

Taking advantage of a pretext so flimsy that many well-informed observers insist it will bear no examination whatever, a Greek army debarked at Smyrna, May 15, 1919, under the guns of allied warships. The pretext was the alleged rumor of a possible attack on Christians. Within a few hours, the Greek troops massacred civilians and Turkish soldiers recently disarmed by inter-allied control officers; whole quarters and villages were plundered, and it was not long before the rich valleys in the hinterland of Turkey's only unravaged provinces began to be devastated by arson and bloodshed. Whatever the causes of the conflagration, the net result was that a peaceful landing for the alleged purpose of preserving order had, within a few days, developed into a new and destructive war of aggression against Turkey, which resulted in the establishment of a military front cutting off the ports of Smyrna and Constantinople from the interior and ruining their trade.

As hostilities progressed, they took on a character of savage destruction which within less than two years had extended far into

the prosperous pastoral territory of Anatolia.

How it all started has not been proved, but something may be inferred from this fact: the report of an inter-allied commission (one of whom was an American Admiral) sent to investigate the original Smyrna massacre on the spot has never been published. Insistent demands in the British Parliament for the publication of this report led to flat refusals on the part of Mr. Lloyd George's government. Wherever the blame lies—and

no serious excuse has ever been attempted except by Greece—the landing of the Greek troops on the quays of Smyrna crystallized something which had never, in the European sense, existed in the Ottoman Empire. This was a national sentiment and national consciousness.

The Greek aggression created the Turkish national movement.

Just what constitutes a national movement is hard to define. In this case, however, the fact of its existence and the nature of its purpose is embodied in the slogan which is reported to stand at the head of the so-called Turkish National Pact—"The Ottoman Empire is dead; long live Turkey."

The revival of the Turkish army is a long story. Suffice it to say that within two years of the Greek landing in May, 1919, it was strong enough to stop the Greek advance clearly and definitely.

The Greek army is not to be belittled. It was perhaps badly officered, but it was well equipped, and on many occasions the troops fought stubbornly. Within three years, the Turkish forces drove this army into the sea.

But the significant fact of the Turkish national movement is the signing of the Turkish National Pact and the formation of the Grand National Assembly.

Writing the National Pact

THE last parliament of the Ottoman Empire which assembled at Constantinople in January, 1920, was dissolved by the helpless sultan in the following April, and most of its members took refuge with the army gathering under Mustapha Kemal Pasha in Anatolia. Before the Chamber of Deputies ceased to exist, its members had composed and signed what promises to be an historical document of the first importance. This is the so-called National Pact. It lays down what the members of the Chamber of Deputies considered fundamental as principles for the "independence of the state and the future of the nation."

It stipulates, first, that the fate of those parts of the former Ottoman Empire which lay inside the allied lines when the armistice was signed in 1918, and which are inhabited by an Arab majority, shall be determined by a plebiscite.

It then stipulates that all parts of the Turkish Empire inhabited by a Moslem majority, whether inside or outside the armistice lines of 1918, constitute a territory which does not admit of division under any circum-

stance of fact or law. After providing for a plebiscite in the districts of Kars, Ardahan and Batoum, and also in Western Thrace, the pact further stipulates that Constantinople, and also the sea of Marmora, must be protected from every danger. This fact stated and admitted, the pact provides that the signers are ready to subscribe to any decision which may be reached in conjunction with the Allies to assure that the straits be open to world commerce and international communication. The pact also promises reciprocal treatment for minorities.

As usual, the sting is in the tail. The sixth and concluding article, translated from a French version, is as follows:

Article VI.—With a view to assuring our national and economic development and in order to afford the country a more regular and modern administration, the signers of the present pact consider the enjoyment of full independence and entire liberty of action as a condition *sine qua non* of national existence. Consequently, we are opposed to every restriction, whether juridical or financial, which may be of such a nature as to restrict our national development. The conditions of settling our proved debts cannot be in contradiction with these principles.

It has been well remarked that the actual terms of the pact are not so important as the spirit of it. It is a declaration of nationalism based on western models; with the admitted principles of self-determination before them, the Turks defy the European powers to deprive them of similar rights and privileges. They claim the independent sovereignty of a free people. Today the cabinet is understood to be wholly and entirely dependent on the Assembly, in which is lodged all executive as well as legislative authority.

Industry Still An Infant

JUST how this Assembly is going to organize an independent Turkey under modern conditions is a problem. For any modern development, even of agriculture, the new Turkey must be wholly dependent upon foreign countries. As already indicated, only a negligible portion of the population is as yet engaged in industry. Many who know the Turkish population believe that the labor problem will be a serious obstacle to surmount in developing anything like modern industrial conditions. The natives now do a certain amount of tanning and manufacture muslin, velvet, silks and carpets, as all the world knows, but the production of agricultural implements, electrical supplies, machinery, railway equipment, engines, automobiles, etc., must for a long while come from abroad.

To judge from the figures for 1909-10, the last normal fiscal year available (owing to the subsequent Balkan war and finally the World War), the Turkish foreign trade position has always been bad. In that year the exports amounted to about \$92,000,000, while the imports aggregated \$157,000,000. Such figures as are obtainable for 1910-11 and 1911-12 show much the same condition. At that time, Turkish currency was on a gold basis, and the only paper issued consisted of notes in denominations of five Turkish pounds and upward, of the Imperial Ottoman Bank, apparently secured by a gold reserve of at least 33 per cent.

Although it is understood that no paper currency has been printed since the armistice, floods of it were issued during the war. The chaos of Turkish finances has been such that accurate figures for the total debt of the country are hard to deter-

mine. One figure has been given aggregating roughly \$2,000,000,000. In the fifty or sixty years before the revolution of 1908, it is understood that a budget was only published twice!

With the development of foreign loans by the various European powers, which began after 1850, some supervision of Turkish finances was introduced, but in spite of that it is safe to say that the Turkish people as yet have no idea what sound government finance may mean.

The resources of Turkey are nevertheless great. Wheat, maize, oats, barley and rye are regularly farmed in the rich provinces of Anatolia and elsewhere. Tobacco is grown in practically all parts of the country. Cotton growing, before the war, was being



developed. Palestine, now under British control, has a large orange trade, and the more common fruit trees flourish in most districts. Buzza, on the Persian Gulf, has the largest date export trade in the world. There are rich salt deposits, while castor oil, flax, hemp, aniseed, mohair, saffron, olive oil and liquorice are produced in considerable quantities. The Black Sea and the shores of Asia Minor furnish many excellent fishing grounds.

Early invasions destroyed the great irrigation systems of ancient times which existed in the valleys of the Tigris and Euphrates. Nevertheless, the mere enumeration of Turkey's natural products shows that the country is rich in resources. While the methods of the peasants are in general far from modern, many of the people are industrious. This is reflected in the fact that, since the armistice, Anatolia has been wholly self-supporting in the matter of flour, meats, fruits and vegetables. Only rice, sugar and a few other food stuffs have had to be imported.

Although Turkish industries are non-existent on any large scale of development, as has already been shown, the mineral wealth of the country is commonly credited as being exceptionally promising. The country has never been adequately explored, but it is already reported rich in gold, silver, lead, copper, iron, coal, mercury, oil and zinc. The oil fields of Mosul, which are supposed to have been discovered by the Germans a few years ago, have already become one of the principal topics of negotiation at the Lausanne Conference. The copper deposits at Arghana Maden, near Diarbekr, are reputed to be among the richest in the world. The ore is said to run as high as 70 per cent and, if current stories can be credited, is now being carried out in chunks as nearly solid copper loaded on camels. Such methods of course, result in a relatively small production.

From these facts it is obvious that the Asiatic possessions of Turkey constitute a territory which looks peculiarly promising as a market for the products of industrial

Europe and America. In the last thirty or forty years before the war various European countries were pursuing the usual means of peaceful penetration by promoting or assisting in the construction of railways. Much, however, remains to be done. In fact, it is not too much to say that the surface has only been scratched.

Turkish Good-will a Problem

THE problem for the future lies in securing and maintaining Turkish good-will and cooperation. It is too early to predict with any certainty what attitude the authorities now established in Turkey may adopt. The Grand National Assembly numbers about 340 deputies. An important element among them, numbering forty or fifty, consists of *hojas*—holy men and preachers. There are a number of farmers, aggregating about forty or fifty. Most of the balance is understood to consist of former deputies of the old parliament, and former military and civil officers of the Ottoman Government. For the moment the general temper of the Assembly is reported to be intensely nationalist and rather narrow.

After the armistice, the allied governments, lacking funds and faced by democratic constituencies reflecting a public opinion which was tired of war, have tried to fulfill their Near East war plans by other agencies. The outstanding example of this principle has been the encouragement of the Greeks by Great Britain. The Turkish leaders are reported to be perfectly aware of this fact and proportionately suspicious of European governments in consequence. On the other hand, the only outstanding American enterprises in Turkey in the past have been the benevolent efforts represented by the work of missionaries, crystallized in such institutions as the American College at Beirut; Roberts College and the Constantinople College for Women at Constantinople.

Our Influence and Responsibility

THE influence of Europe on Turkey has been practically continuous since the Crusades. The present Turkish national movement is the child of this influence. Nevertheless, except for occasional flares of popular sentiment on the subject of atrocities or some special crisis, the general public in Europe, and still more so in America, has exerted little connected thought on the question of the Near East and its problems. In spite of this fact, the example of western civilization and the political programs of European governments has so dominated or interfered with the affairs of Turkey, especially since the Greek war of independence in the early part of the nineteenth century, that it might almost be said that Europe (and even America) has acquired some measure of moral responsibility in the present situation.

A time of adjustment would seem to be at hand. Only a wise and considered course of action on the part of all the western powers can construct, out of the present crisis, a bridge of communication for better intercourse and understanding in the future.

NOTE: (Mr. Miles, who has written for THE NATION'S BUSINESS from Germany, Italy, and now from Turkey, has gone into the Ruhr. His report on the real conditions there under the French occupation we hope to publish in the April number.)

Will the World be Short of Cotton?

By AARON HARDY ULM

IN FRONT of a store window in Melbourne a curious crowd collects and, viewing a fruited plant there displayed, dreams of vast national expansion, in population and wealth.

Ten thousand miles away a group of American negroes climb aboard a train and, bound for points North, bid farewell to Dixieland.

Each incident grows out of the world shortage of cotton.

"At the present moment," our commercial agent at Melbourne wrote the Department of Commerce a short time ago, "Australia is in a fever of cotton growing." The Australians expect to see millions of their untenanted acres devoted to cotton culture.

"During the past two years," says Harvie Jordan, Georgia cotton planter and secretary of the American Cotton Association, "many thousands of the small one and two-horse farmers have left the cotton fields east of the Mississippi and migrated to industrial centers. . . . This is especially true of the negro farmers who constitute the major per cent of labor engaged in cotton production. . . . If this exodus of negro farm labor continues from the cotton belt, it means that vast tracts of land heretofore planted to cotton and other staple farm products will lie dormant because there is no other source from which farm labor can be drawn."

As Australia enthuses over a cotton culture that still is only of prospective importance and the South loses some of its grip on a cotton culture that for a hundred years has been of dominant importance, the world cries out for more cotton than exists or is in reasonably assured prospect.

"The days of cotton as the cheapest textile in the world, with unlimited possibilities of extension of supply and demand in front of it, are over, for the time being, at least," writes Professor John A. Todd, of Baliol College, Oxford, one of the world's first authorities on the subject.

And the situation leads H. W. Himbury, speaking for the British Cotton Growing Association, of which he is general manager, to say:

"It is becoming more and more desirable that the world should look elsewhere than to America and Egypt for supplies of cotton."

What that would mean to the United States was stated in part by John Sharp Williams in the United States Senate a few weeks ago when he said:

"If America loses her supremacy as a cotton producer, she will almost certainly lose her favorable balance of trade with the world. When she loses, if she does, her favorable trade balance, she will lose her commanding position as a dictator of the rate of exchange." And Senator Williams, himself a large scale cotton planter, pointed out how, despite our faith in its invincibility, that supremacy may be seriously threatened by conditions possibly unchangeable.

The chief of these conditions is the world's demand for ample shirts and sheets and the innumerable other things that are made from cotton.

"If you can't supply us with the cotton we need," said a leading manufacturer of Lancashire, England, to American cotton men recently, "we must get it elsewhere."

We are not supplying it and haven't done so now for six or eight years.

"Had it not been for the war a crop of at least 17,000,000 bales would be none too much today," says Theodore H. Price, "and if civilization recovers with the promptness indicated by history 20,000,000 bales of American cotton will be needed within a shorter

one-half of that for 1914; and all the world's production for each of the years 1921 and 1922 was less than America's alone in the first year of the World War.

This decline in production during a period so long continued constitutes a new chapter in the modern annals of cotton. Heretofore the world cotton crop has grown much more rapidly than population. In 1800 only 0.8 of a pound was used per capita of world population. In 1913 it was 6.2 pounds. Yet in that year tens of millions of people were still unclothed and hundreds of millions of others only partially clad. Cotton's use had been extended to innumerable things other than clothing. But in 1921 world consumption fell to 4.67 pounds per capita.

That the fault primarily is with production is shown by more than price levels. Since mid-1921 mill consumption of cotton has been at a ratio averaging 10 to 20 per cent above production. For each of the last two years several million bales more than were produced were turned into goods. This was done by whittling down surplus, which if continued means at least a partial "famine" in supplies. Such already is mildly evident. A series of Southern cotton oil mills have closed down in mid-season on account of scarcity of seed, and numerous British cotton mills are running on part time because of the scarcity of cotton, at least in part, as reflected in prices beyond what they can pay and make full time operation profitable.

The fault in production goes far beyond the producer. It lies chiefly in the realm of insectdom. The effect on American production is greatest because of the predominance of that production and on account of the spreading within recent years of the boll weevil into all but a few remnants of the cotton growing South. India and Egypt and Brazil have even a more formidable marauder to contend with, e. g., the pink boll worm, which is now battling for admission to our fields.

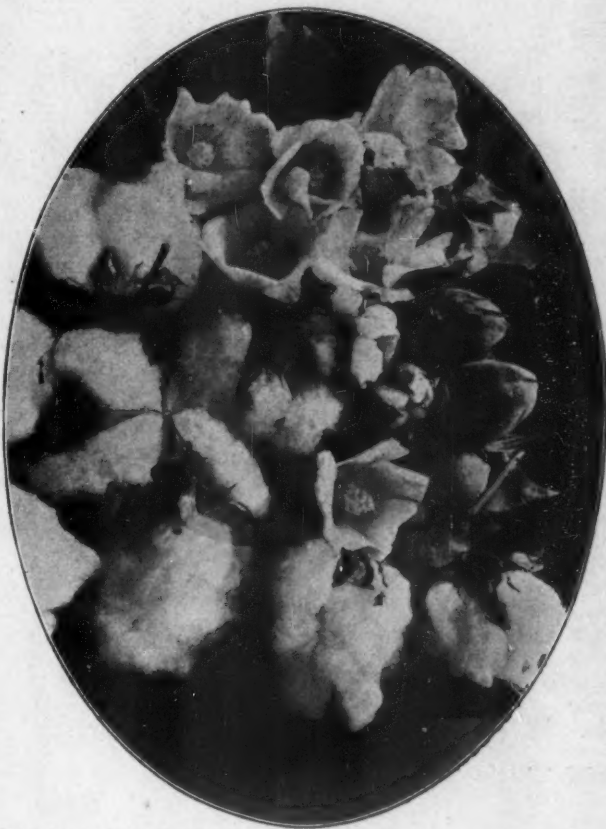
In 1921 the boll weevil destroyed more than \$600,000,000 worth of cotton, almost as much as was the taxable value of the negro slaves in 1860.

If one could stop and trace all its ramifying effects he might find that the boll weevil is cutting more deeply into the roots of life and industry in the South than did the sword of civil war. He would find the insect's trail written indelibly into the population figures of the last census: the remarkable "whitening" of the Black Belt is a trace of it.

But far beyond the South does the tiny creature cast its shadow, as note the following taken from a dispatch sent from London by an American correspondent:

For the hundreds and thousands of persons employed in the textile trades, the most important spot in the universe is a certain laboratory in Washington where scientists are searching for adequate poison against the boll weevil, but as yet unsuccessfully. . . . The tiny worm is now sweeping over the earth destroying like an Atilla.

They have found remedies but no cure;



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time than now seems probable to many."

The war effect on demand was not as depressing as might be supposed. During the last years of the war and the year following cotton reached prices unparalleled on the whole since Whitney's gin brought about the modern advent of that product. Though it wasn't primarily a war material, cotton outdistanced in price most other basic products. Its price index is now nearly double that of agricultural staples as a class, being the only one of them whose purchasing power has been greater during the last year than in 1913.

Yet since 1916 world production as compared with prior years has declined. For the five years preceding, it averaged more than 20,000,000 bales a year for all the world, for the succeeding five years it has averaged only 17,500,000 bales. Nearly all the loss in production during the last five years was in the American supply, though there was a decline in India's, which is second, and a big recession in Egypt's, which is third. In 1921 our production was only slightly more than

and no palliative yet discovered affects materially the boll weevil's disruptive influence on the economics of cotton as a world product.

If no way is found to exterminate or curb by economical process the boll weevil's depredations, the world must adjust itself to a much higher level of cotton prices than prevailed prior to the war, must radically reduce its consumption of clothing and other things chiefly dependent on cotton, or must procure much larger quantities of cotton outside of America.

In truth, two alternatives already are in joint operation and have been for the last five or six years. The world has paid higher prices and has skimmed on its wardrobe, but no doubt regards both sacrifices as only temporary adjustments in a passing difficulty.

Much of the world keeps the third alternative in very definite and confident prospect. In fact, it has been so held since long before the boll weevil was more than a despised rover on uncultivated Mexican plains.

For the present situation merely gives accent and impetus to a movement as old as modern commercial cotton—a movement against American supremacy in cotton production.

The word "against" is perhaps unapropos; it might be better to say that it is "for" independence of America's supremacy; as it involves no enmity. America has never been accused of misusing the singular power going with the control of the production of the material on which the world depends for clothes more than it does on either meats or cereals for food.

The movement for cotton independence of America reached its historical climax during our Civil War, when Union gunboats cut off from the mills of Europe the supplies they depended on from the South.

Cotton growing was undertaken or revived in many quarters of the world, including Australia, now again to the fore as a possible cotton land. Many of the attempts failed; others led to cotton growing that has come down to our time, but never on a scale truly competitive with the South in Civil War times.

The greatest attempts were made by the British, who in Civil War times manufactured about 75 per cent of all cotton grown, and with whom cotton manufactures is still its first industry.

Twenty years ago the surviving remnants of the old movement were taken in hand by the British Cotton Growing Association, which since then has put forth much effort to develop adequate supplies of cotton within the empire. The association now has the aid of a companion organization called the Empire Cotton Growing Corporation, which is backed by large public and private funds.

Cotton growing is being carried on or promoted in every part of the empire, but prime effort has been made in Africa outside of Egypt. Here it is proposed to more than duplicate in the Sudan Egypt's present long staple production. In Nigeria there is a region larger than our cotton South and as populous, and there the British have grown cotton for several years, and, they claim, profitably and with great promise of unlimited increase.

In Uganda, nearly as large and populous as Texas, with a richer soil, cotton has been made the leading product and now constitutes 80 per cent of the country's exports. Experimental plantations have been set up in Tanganyika Territory and Kenya Colony, formerly in possession of Germany. And local cotton growing fevers like that now



From a painting by Thornton Oakley.

King Cotton Holds Court Along the Southern Rivers With Romance and Roustabouts in His Train

sweeping Australia rage in many districts of South Africa, from Rhodesia to Cape Colony. A writer in a Natal newspaper recently told of a Zululand plantation that produces cotton profitably 100 miles from a railroad.

In the Punjab province of Northern India American cotton culture has been introduced experimentally, and in ancient Mesopotamia—on the rich soil "between the rivers"—the British are sure that with irrigation and more people a substantial cotton growing industry can be developed from the fragments that have been there for centuries.

The directors of the empire movement are backing the Australian venture with funds and encouragement. Together with the Commonwealth and state governments they have given a price guarantee for all cotton grown during this and the coming season. But they are inclined to discount the Australian enthusiasm for the movement, which already is expressing itself in tentative plans for the erection of cotton mills and the setting up

of cotton growing and textile courses in the colleges.

Outside the British empire the newly aroused world passion for cotton growing seems to be strongest in Brazil where cotton culture is already established.

The government there has stated that plans now afoot will put cotton production on a basis second only to coffee, which in some districts is giving way to cotton. American firms are now erecting great irrigation works in the Northeastern part of the country, where periodic drouths have made cotton growing precarious.

Edward Atkinson, perhaps the greatest student of cotton we have ever had, long ago declared that the pampas of the Parana and the Uruguay comprise the finest natural cotton growing land in the world. American specialists who recently visited that region agree, I am told, with the opinion of the Boston economist.

Euthusiasm recently swept over Argentina

after the published report that Hugo Stinnes was planning to send millions of German emigrants to that region to develop cotton growing on big scale.

Peru, from which comes a singular cotton picked from trees, also offer opportunities for large-scale cotton growing operations.

Even Belgium and France are promoting the growing of cotton in their African possessions. The latter country only recently employed an American specialist to assist in the work. And Japan, whose phenomenally growing textile industry has been developed almost independently of our supplies, is carrying on cotton growing experiments in Formosa, Korea and Manchuria.

None of these movements on behalf of "cotton independence" of America—and America's boll weevil—claim much more than experimental success.

In twenty years the British association has brought about the production of only a little over 1,000,000 bales of actual cotton. Re-

cessions in established regions of cotton growing within the empire, as in Egypt, have not been made up for by actual production elsewhere. However, its experimental projects are yielding now about 200,000 bales a year, and the promoters claim that it is proven that cotton can be grown quantitatively in many regions.

But there must be more than suitable land and climate; in most regions where projects are under way railroads, or great irrigation works, and vast organization of gins and compresses and finance necessary to the handling of large cotton crops must be constructed before yields can be competitive with the South's.

Of course the issue of American supremacy isn't decided yet and the situation might be changed overnight by some fortuitous circumstance, such as the appearance of a mechanical cotton picker that would enable the South to so extend its acreage as to produce cheaply any amount of cotton the world might need,

in despite of the boll weevil's advance and the negro's retreat.

However, it is well to note that our grip on cotton production already is slipping. Between 1880 and 1900 we produced 65.24 per cent of all the world's commercial cotton. Between 1900 and 1922 we produced only 53.13 per cent of it. Since the season of 1914 we have met only 55.42 per cent of the world's effective demand.

Meantime those Melbourne look upon the stalk of cotton from Queensland and dream of what may become an industrial Dixieland at the Antipodes. Groups of Georgia and South Carolina negroes gaze through car windows upon the land of their fathers as it recedes from their view. That land as known to song and story may be passing away, since it almost certainly will if we lose our supremacy over cotton production. In its place may come another that will be sounder and safer, even though not so picturesque.

Putting Them Back on the Rails

By HAMILTON HARPER

WITHIN the span of the past six months the railroads of the United States have moved far toward accomplishing one of the most constructive programs undertaken within a generation. They have been putting their house in order against the coming of a busier day.

The railroads emerged from the shopmen's strike with equipment in a state of disrepair seldom equaled in their long history. They went to work with coats off. They employed as many thousands of extra mechanics as they could find space to accommodate in their shops. They spent hundreds of millions of dollars. They ordered new locomotives by the hundreds; new cars by the tens of thousands. They wrought to such good purpose that out of the junk of broken, crippled, disabled and inadequate rolling stock and motive power they have produced a plant in better condition today than it has been in for years.

They accomplished this gigantic task in the backwash of a rising tide of traffic that has been surpassed but once in all the years of American railroading. The volume of traffic, be it noted, still flows with tremendous force, far greater than the average, as the work of repair goes on.

Figures generally are tiresome, but in this case they are eloquent. They speak the language of achievement. They tell, in the following brief tabulation, of the railroads' feverish activity against the day of general prosperity. Here is the story:

Date	Number of bad order cars	Percentage of total
August 1.....	345,013	15.3
September 1.....	321,674	14.1
October 1.....	291,654	13.2
November 1.....	249,960	11.0
December 1.....	226,288	9.9
January 1.....	216,011	9.5

The figures are taken from the official records of the American Railway Association. On its face, the showing is one of measurable and rapid progress. January 1 is the latest date for which figures had been compiled as this was written. The total number of bad order cars stood then at 166,-

429 less than at the peak of disrepair in March, 1921. The decrease since then is more than 43 per cent.

This work has been possible, to a large extent, through standardization of cars and parts.

"Prior to 1900," says Donald D. Conn of the Public Relations Section, Car Service Division, American Railway Association, "there were 58 kinds of journal boxes in use; today there are 5 sizes, with one interchangeable type. There were 56 kinds of axles; now there are 5 sizes with one interchangeable type. There were 26 kinds of couplers; now there is one. There were 20 kinds of brake shoes; now there is but one. There were 27 kinds of brake heads; now there is one interchangeable standard. Brake beams at present are all interchangeable, and so on."

The vigorous drive to repair equipment has a definite goal—to bring bad order cars down to 7 per cent of the total on the line. That means to about 160,000 cars, or about 56,000 less than on January 1. On the way to this goal the railroads have traveled nearly two-thirds of the distance in six months. Virtually every American railroad has participated in the drive.

Seven per cent of bad order cars is considered normal. In considering this goal, the percentage seems high. To have one car in the shop all the time for every fourteen on the rails appears to the inexpert as a heavy operating toll. As a matter of fact it is not; and in considering that maximum there should be considered also the definition of the phrase, "bad order," as applied to railroad equipment.

Certain definite rules, framed by the manufacturers who built the cars—the Master Car Builders' Association—govern the use of the term. For instance, a box car with a tiny leak in the roof is in bad order. A grain car with a slightly damaged door also is in bad order. The door may need only a couple of screws to set a hinge firmly on the woodwork. Nevertheless, these are bad order cars and are included in the total reported to the American Railway Association.

These light repairs, of course, are not the

rule. Most of the cars require greater attention, for bad order cars include those damaged in transportation and those whose parts are worn out in service or broken by accident. For convenient designation, bad order equipment is divided into two classes—cars requiring light repairs (less than twenty-four hours' work) and those in need of heavy repairs. A car in need of heavy repairs may require, in extreme cases, the attention of several shopmen for weeks.

Three-fourths of the bad order cars require more than twenty-four hours' work apiece to put them into serviceable condition. Approximately 52,000 of the 216,000 cars in bad order January 1, according to the record, needed repairs necessitating a stay of only one day or less in the shop.

As these cars required such slight attention, they were hardly bad order cars at all, and their number can be deducted, with propriety, from the 216,000 total. That would reduce the cripples to 164,000, or only 7.2 per cent of all the freight cars in service on American roads. The figure is a little higher than the roads want, but it is the best showing in years.

The repair record discloses another interesting thing. It shows that those railroads known to be managed by top-liner presidents and operating officials lead all the others in the business of repairing their bad order equipment. This sidelight would seem to indicate that the man of broad vision who can look into both yesterday and tomorrow and fashion the one to avoid the other's errors is far better qualified to hold down a railroad presidency than the thrifty and short-sighted brother who can't.

This applies to big roads and little. Take, for instance, the case of the Lackawanna. Of nearly 23,000 cars on its rails less than 6 per cent are in need of repair. The Illinois Central, another well-managed road, had 54,000 cars on its line, with an even 6 per cent in bad order. It is one of the first big roads to pass the goal, though its percentage of bad orders was uniformly low, even at the highest.

But the banner road of all is the Duluth, Mesaba & Northern. It is owned by the

United States Steel Corporation and is used to transport iron ore from the Michigan ranges to the Great Lakes, where it is transhipped in boats to points convenient to the steel centers. The Steel Corporation apparently believes in keeping its equipment in order, for its railroad had only 28 cars in the shop on January 1. There were 9,189 cars on its rails on that date, so the number of bad orders was slightly less than one-third of 1 per cent.

Paradoxically, and doubtless for reasons that do not appear in the report, the Montour Railroad, another corporation-owned line used to transport coal in the vicinity of Pittsburgh, was reported to be worse off in the matter of equipment repairs than any other carrier in the country. There were 642 bad order cars on its line out of a total of 1,290 on January 1, or almost 50 per cent. Without exception these cars were listed under the "heavy repairs" heading.

Somewhat less progress has been made in the repair of locomotives than of cars. Of 65,000 locomotives on the country's railroads about 24 per cent were reported to be in need of repairs on January 1. But here again fast progress had been made, for the percentage was 31.4 per cent on September 15, the peak of the bad order figures.

The showing is not so bad, however, as it appears on the surface. A locomotive is a delicate mechanism which requires much more attention than a freight car. It must be ex-

amined and repaired every time it completes a trip. Strictly speaking, a locomotive is in bad order whenever it comes in from a run. Repairs may not require more than an hour's work, but they must be made.

Boilers must be cleaned regularly to prevent the accumulation of lime; the rims of the driving wheels must be examined closely; bolts become loosened and must be tightened; in fact, the entire machine must be gone over thoroughly. If the average automobile owner devoted to his car one-half the care the carriers lavish on their locomotives, years would be added to the motor car's life.

The shopmen's strike strained the railroads' motive power. When the strike started the railroads had in operation about 50,000 serviceable locomotives. They also held in storage 6,300 more locomotives not in need of repairs, but practically ready for use on the rails. This storage reservoir of motive power was drawn on steadily as the strike continued, and the lack of sufficient shop workers soon pulled down the number of serviceable locomotives already in use. By October 1st, the number of serviceable locomotives had fallen to 44,700, a drop of more than 10 per cent, and the storage supply had been drained down to 1,500.

Cumulative repairs and tremendous traffic topped the reserve till the bottom showed January 1. On that date the storage supply had dropped to 576, or less than 1 per cent of the total.

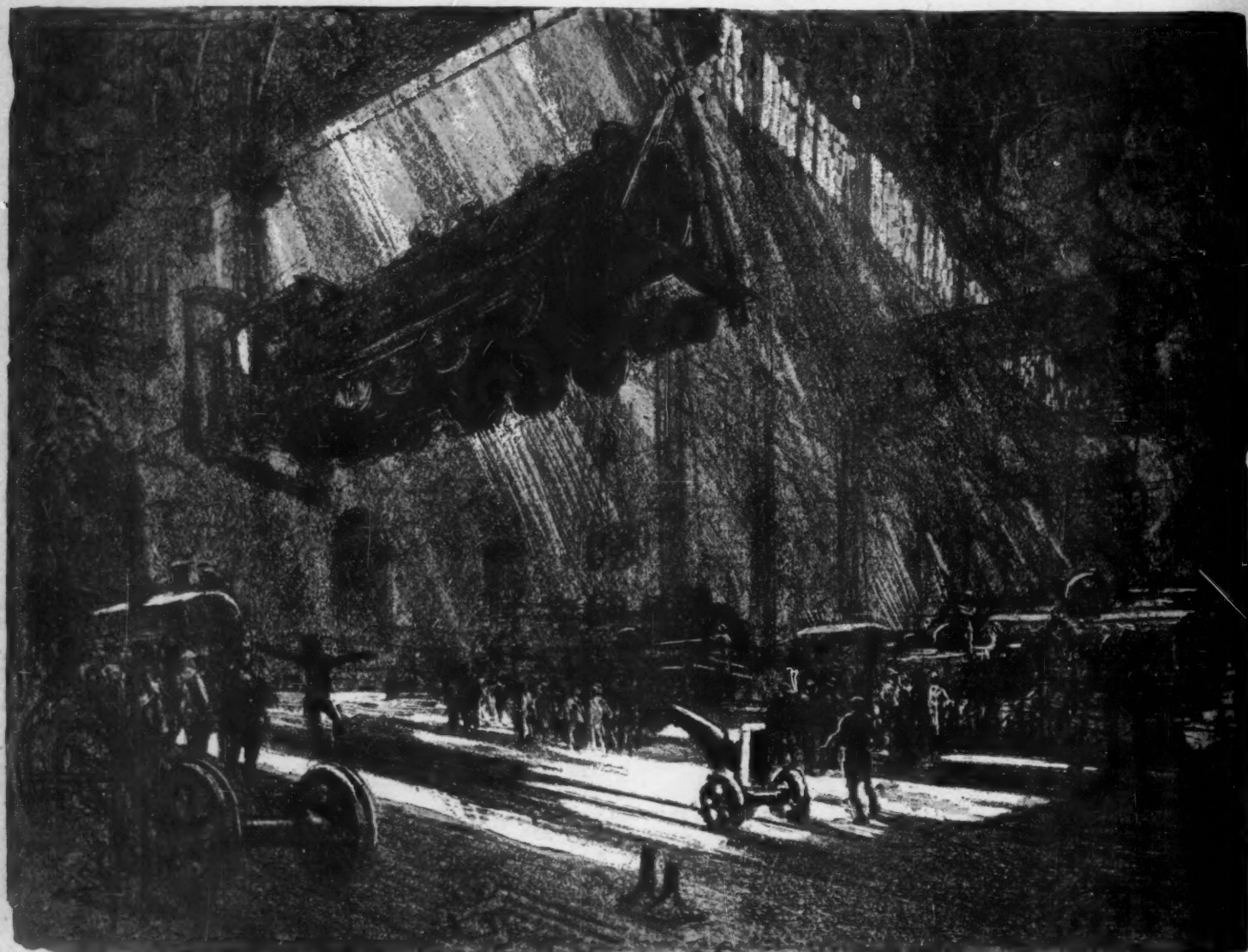
A good start has been made toward repairing bad order locomotives, but this work of necessity must proceed more slowly than car repairing. On September 15 crippled locomotives numbered 20,157. Three out of every ten on the rails were in bad order. Three and one-half months later the disabled locomotives had decreased to 15,549, or nearly 25 per cent.

Meantime, the carriers are working locomotive manufacturers overtime to fill new equipment orders. During 1922 the railroads put 1,379 new locomotives into service and had on order 1,445 more. More than 145,000 new freight cars also had been ordered during that period, of which 48,737 were delivered.

Thus far this year, orders for locomotives have almost swamped the makers, and orders for thousands of freight cars have been placed with many other thousands in prospect.

In normal times the railroads spend about \$1,250,000,000 a year in keeping their cars and locomotives in good condition. That sum does not include new equipment. Because of the drive for quick repairs, the rate of spending has been accelerated recently, so that for the past few months the roads probably have been expending funds at the rate of \$1,800,000,000 annually.

And except for interest on the national debt and the sinking funds that sum represents the entire annual cost of running the national government, including the maintenance of the Army and the Navy, the payment of pensions and the running expense of our \$400,000,000 Veterans' Bureau.



A lithograph by Joseph Pennell, done especially for *The Nation's Business*.

T. Pennell

A Business Paradox in Farming

By ELMER T. PETERSON

ALTHOUGH specialization and quantity production are two of the cardinal factors in business success, they are treacherous factors in farming.

Specialty farming, as contrasted with mixed farming, has brought about a great deal of hardship in the Great Plains regions.

If, at first blush, this statement seems to fly in the face of a recognized principle of good business practice, it is very important to remember that specialty farming violates a business principle that is even more vital than specialization—namely, full-time, all-year production.

No manufacturer expects to succeed by working four or five weeks in the year, and yet there are thousands of farmers who depend almost entirely upon single crops that depend almost entirely upon single crops that require only a few week's work during the year.

Adamson Turns To Gardening

CHARLES NICOLET is a cattle buyer who lives in Adamson, a county-seat town. He is an ex-farmer, past sixty years of age, not in vigorous health. On his 200-foot-front town lot he raises a truck garden each year. Last year he furnished two farmers with their potatoes. They drove to town in automobiles and got them. This is what he says:

"There is more garden truck produced within the city of Adamson than in all the rest of the county. One man here makes his living by raising truck within the city limits and selling it to farmers."

Adamson, with a population of two or three thousand, is in the heart of one of the richest agricultural communities in Kansas—one of the banner wheat counties. But the farmers have almost forgotten how to milk cows or plant potatoes. Agriculture is lopsided and ailing there, in spite of the great potential wealth.

Marketing conditions, blown-up foreign trade, the profiteering of middlemen and other causes have been given as the cause of sick agriculture. Each of these factors may have an effect, but the cold statistical reports of one typical state furnish such convincing testimony as to another cause of sickness that the subject deserves careful study.

Kansas furnishes the type. Almost any year's statistics will do, but those for 1920 are the last ones available.

The assessors' reports show that Kansas has 165,286 farms.

On 54,152 of these farms, or about 35 per cent, there were no dairy cattle.

On 74,330, or 44 per cent, there were no beef cattle.

On 104,158 farms, or 64 per cent, there were no beef cows including heifers two years old and up.

On 48,999 farms all the salt pork, bacon and hams used are purchased.

On 42,434 farms there were no sows or gilts for breeding.

From 28,000 farms not a dollar's worth of poultry or eggs were sold during the year.

On 41,611 farms, or about 25 per cent, no gardens were grown.

Dodge City, Kans., used to be called the heart of the "cow country." With plenty of grazing land, rough silage and healthy climatic conditions this part of the state might reasonably be expected to be plentifully supplied with fresh milk on every farm and ranch.

According to a conservative estimate by the secretary of one of the largest wholesale grocery companies in the state, the Arkansas Valley between Hutchinson and Pueblo—the old "cow country" of which Dodge City was the capital—consumes 100,000 gallons of condensed milk a year. His firm alone each year sells nearly 5,000 cases of 50 quarts each in this territory.

In this district the farmer is the chief consumer of condensed milk, curiously enough. The city or village dweller gets milk largely from the local milkman, or keeps his own cow. The farmer or ranchman usually raises wheat or range cattle and does not care to fool with dairy cows, so he buys a case of pint or half-pint cans of condensed milk. He also buys canned tomatoes, canned sweet potatoes, canned corn, canned peas and the rest of the canned family.

The territory around Mulvane, Kans., a little south and east of the center of the state, furnishes a contrast.

Mulvane has a milk condensery, and the farmers thereabouts have become pretty well converted to the idea of diversifying their crops. As a result the community is one of the most prosperous in the state. The Douglas map in THE NATION'S BUSINESS for November gives graphic testimony to this. One single township adjoining Mulvane—the township of Gore, with a population of 510—shows by its assessors' report for 1922 that it has 478 horses, 226 mules, 661 cattle, 1,643 hogs, a few sheep, 5,365 acres of wheat, 3,026 acres of corn, 1,229 acres of oats, 259 acres of kaffir, 286 acres of sweet clover and 990 acres of alfalfa. In the township are 4 trucks, 12 tractors and 43 silos. In 1921 the

farmers of the township sold \$61,926 worth of wheat, \$47,800 worth of corn, \$38,600 worth of milk, \$14,230 worth of butter and eggs and \$35,135 worth of cattle and hogs. Counting five to the family, it is seen that the average cash income per family from these principal items was about \$2,000 a year, not counting produce grown on the farm and consumed at home.

The reason for the prosperity around Mulvane and other communities of the kind is that the farmers are operating on a continuous all-year basis, with such a diversification that the farms become efficient full-time plants. In the specialty farm districts the plants are idle most of the year and the overhead goes on just the same. The trouble is that Mulvane is a rather exceptional case.

Albert Baughman lives 3 miles from a big, prosperous Kansas town. He has a rich bottom farm.

The other day he drove down a street of their town and saw a city friend on the sidewalk, trudging homeward. He stopped and offered him a lift in his motor car.

Arriving at a suburban grocery store, he said, "Wait a minute while I do some trading."

A Farmer Without a Cow

WHEN he emerged from the store he carried a bottle of milk in one hand and a carton of butter in the other.

"I suppose you think I am a hell of a farmer," he remarked as he stepped on the starter. "I buy all of my milk and butter in town. I don't keep a cow. Haven't time to look after one and my wife doesn't milk. Times have changed since I was a boy."

Frank Ebright lives 4 miles from the same town. Ten years ago he owned a fine farm, well improved, with every modern equipment. He is a leader in improved methods of some kinds of agriculture. In the year 1921 he did not produce a single dollar's worth of eggs or farm produce. He and his family for the past few years have taken all their meals in town. The bankruptcy court is now settling up his affairs.

Here is another case showing another phase of the same problem—the decadence of rented farms. This is a real tragedy of country life.

Mr. Burns homesteaded 160 acres in Fraser County in the seventies. In twenty years the farm was known far and wide for its productiveness and for the diversity of its products. He had a splendid orchard, frequently selling in one year from \$1,000 to \$2,000 worth of apples and peaches. He had a vineyard and a fine garden, and produced enough grain and livestock to become well to do. His family was given every advantage of travel and education. He retired and moved to town, where he built a beautiful home. The farm was rented for only \$600 a year in cash, and the tenant has trouble every year to pay the rent. The orchard is gone. There is



Robert H. Moulton.

no garden. The entire acreage is given over to wheat and corn, which, when sold, leaves little or nothing for the tenant. It is a very poor investment for the owner of the land, as the market value of the farm is \$30,000.

Now turn your eyes for a moment to Wichita, a city of nearly 100,000. John Shumway is an insurance man who came from the farm in the old hard pan days. He lives on a 38-foot lot in a populous section of the city. Last year he sold \$65 worth of eggs, \$60 worth of honey, had \$10 worth of cherries, \$20 worth of potatoes and other garden products, and sold \$35 worth of chickens, making a total of \$200, or more than one-third of the rent paid to Mr. Burnside for his 160 acres of fine bottom land. Mr. Shumway does all of his garden work after office hours, and he has time to devote to boys' work and other hobbies. The difference between him and the tenant is the difference in types of men.

The Case of Miss Perkins, Nurse

AND then take the case of Miss Perkins, a young "practical nurse." She is supposed to combine the functions of a trained nurse and housekeeper. Having been raised on the farm, she is presumed to have a good start in qualifications. The man of the house called her attention to the fact that his convalescent wife liked lettuce, and there was plenty of it in the backyard garden. He had also come from the farm in the old hard-pan period, and had an economical streak born of the lean days of the nineties. Lettuce is easy to garner, but when he came home he found that the girl had ordered lettuce from the grocer.

The general conclusion from all of these cases backed up by statistics, is that an alarmingly large proportion of American farmers have quit raising garden truck, dairy cows, pigs, chickens, fruit and diversified crops and are pinning their faith to specialties like wheat or corn or beef cattle. Their fathers and grandfathers on the farm raised most of the stuff they and their families ate. The cash they secured was almost clear savings. Their actual cash transactions were much smaller than those of the modern farmer, but the aggregate profit percentage was larger.

The criticism of specialty farming does not all come from city-bred writers or business men, by any means. It was my privilege to attend a farmers' picnic one day last summer at which I talked for several hours with a hard-headed, successful farmer who was reared in Pennsylvania and came to Kansas in the eighties. He told the same story of the great change that had taken place since he was a boy.

My father and mother were immigrants, and they bought a farm in northern Iowa in the seventies, paying down barely enough to warrant the making of a deed, giving a large mortgage for the rest.

On this farm a large family was raised, and as fast as the boys grew large enough to work in the fields they were put to work. Up to that time they just "played," as they only had to pull morning glories or cockle-burrs, hoe potatoes, pick berries, plums or apples, drive cows, pick up corn-cobs out of the feed-lot for fuel, carry in wood and water, slop the hogs and so on.

Mother called it "Hardscrabble Farm," and if hard work gave it that name, it was just that, for she herself did an important share of the field work and heavy chores, besides rearing a large family. She sometimes husked corn in the field. One winter she husked corn late, in the bitter cold, and I will never forget that her hands became cracked so they bled. But she put on patched canvas mittens and wrapped an

old shawl around her and went out with the others.

I cannot think of all the things we raised on that farm, but here is the list, as nearly as I can remember it:

Spring wheat, oats, barley, flax, corn, sorghum for molasses, red clover, timothy and millet for hay, large patches of potatoes and navy beans—enough to feed the whole family a year—a large orchard of apples, plums, etc., a large patch of raspberry bushes and strawberry plants, grapes, rhubarb, all kinds of vegetables, sweet corn, popcorn and various incidentals. Then in the woods we gathered wild grapes, wild plums, gooseberries and crab-apples. We kept a lot of chickens, ducks and pigs. My father often had a herd of 300 hogs. We kept from ten to fifteen milk cows, and there were usually forty or fifty cattle on the place. We had ten or twelve horses.

When winter came we would butcher a large beef or two and five or six hogs and cure the meat or salt it down. We took sorghum from the field to a mill and had a couple of barrels of molasses made out of it. The cellar every fall was full of the odors of apples, onions, cabbage, turnips, potatoes, carrots, pumpkins, squashes and everything else that would keep. In the winter we chopped wood and hauled fertilizer on the fields from the cow-lot. This kept us busy all the time, and the wood kept the heating and cook stoves supplied. We never had coal in our house until I was a grown man.

We could have existed for months without the expenditure of a penny. We had our home-grown wheat made into flour at the grist mill. We had our own home-made butter, our own milk, eggs, cheese, lard, suet, sausages, dried beef, bacon, ham. At times we even had a home-made substitute for coffee.

Farms Must Be Made Over

IT WAS upon such a foundation that the amazing agricultural prosperity of the new century was built. The farmers of the eighties and nineties had to be thrifty in order to live at all. With greater prosperity came a relaxation into the easier way of specialty farming, especially in the newer districts of Kansas, Nebraska, Iowa and the Dakotas. The time has come for the pendulum to swing the other way again. This does not mean that farmers will have to return to the hard-pan and hardscrabble methods and give up automobiles and other comforts or luxuries that modern days have brought them. It merely means that they will have to make their farms over into all-year plants and diversify their crops.

J. C. Mohler, secretary of the Kansas State Board of Agriculture, states the case for his state in well-chosen language, and the same truths apply to other states. He says:

What Kansas needs and must have for real and lasting progress in agriculture is a more evenly balanced agriculture through diversified farming. This doctrine is not new, but is simply emphasized again at this time for the reason that we have reached a stage in our development when we are either going backward or forward. All our land is taken up. Land values have multiplied. Because of the necessity for grass, it is not probable that our cultivated acreage will be materially increased. The period of exploitation has about ended. Henceforth we must adopt constructive measures and build broad and deep for the future permanency and prosperity of agriculture.

Livestock affords the medium through which this may be most effectively and most economically accomplished, but Kansas is woefully deficient in livestock. Last year we had fewer milk cows by nearly a hundred thousand than for the year preceding, other cattle were less than any years since 1915, while swine were less than for any year in the history of the state, save one, and our crop acreage continued to expand, now amounting to more than 21,000,000 acres as compared to 19,000,000 acres in

1910, exclusive of native pastures and meadows.

A compilation of assessors' returns, which has recently been completed by the State Board of Agriculture, shows that in Kansas last year there were more than 14,000 farms on which there was not a single head of cattle of any kind, more than 28,000 farms from which not a dollar's worth of poultry and eggs were sold, more than 48,000 farms on which there was not a single hog. Thousands of tons of feed were at the same time rotting and going to waste, and while conditions in this respect are probably not worse than usual this season nearly every year Kansas produces more feed than there are animals to eat it, and for which there is a very limited market except via the livestock route. There is little incentive to practice diversified farming without livestock, but with livestock it is imperative.

That this problem is very important to the business interests as well to the farmers themselves is evidenced by the campaigns being put on by railroads, bankers' associations and individuals. The Santa Fe Railroad sent a "Sow, Cow and Hen Special" over its Kansas lines, May 1 to 13, 1922, in cooperation with the State Agricultural College at Manhattan. We see the spectacle of a high-pressure business establishment poring over circulars about balanced rations, alfalfa culture, sorghums, sudan grass, grading up poultry flocks, care of pullets, pig diseases, corn substitutes and so forth. J. F. Jarrell of the publicity department, is giving much time and enthusiasm to this work.

Thad C. Carver, president of the Kansas Bankers' Association, has made diversification a hobby, and made addresses at the group meetings of the association during the fall of 1922 at different places in the state. A few of his remarks follow:

The farmer must work more in the future than he has in the past. He cannot depend entirely upon wheat, but must depend upon the cow, the sow and the hen. I do not feel that prosperity is here by a great deal. I feel that we are just getting down to the bottom, and after we get there we have got to commence and work out our problems to get back up to where we were. Everybody has got to work harder and longer, and be saving if we expect to retrace our steps, but I feel that the tendency is already going that way; at least I have had a great many inquiries from farmers coming in, wanting to know my advice to them as to what to do.

Mr. Carver lives at Pratt, in the heart of the wheat belt, and he has gone through the cycle of specialty farming as a matter of first-hand experience as an actual farmer.

The Swing of the Pendulum

THE swingback of the pendulum to diversification will not be accomplished without the aid of business men, and the assistance of bankers is especially necessary, for the building up of dairy herds and hog-breeding.

Practical men all over agricultural America are realizing more and more forcibly that diversification is not a jack-at-all-trades system to be sneered at by the modern business farmer. They are learning that specialization is not good farming practice except when it plays a minor role in the scheme, for it inevitably conflicts with the more important business principle of all-year operation and a wide variety of crops. They are learning that quantity production on the farm is a doubtful proposition at best and that the variety farm of the eighties and nineties whose cumulative effect formed the basis of the prosperity of the years 1900 to 1915, must be brought back in order that the entire business body of the country may be restored to its full glow of health.



The Heraldry of Commerce

By EARL D. BABST

President, The American Sugar Refining Company

EVER SINCE merchandising began, in the twilight of barter and trade, good will has been recognized as a valuable asset. We are familiar with the good will attaching to many justly celebrated products of bygone ages. The Damascus blade, the tapestries of the Gobelins, the violins of Cremona attained reputations which are unimpaired by the passing of centuries.

We are familiar, too, with the high state of development attained by various arts, professions and industries at different periods. We are aware of the influence of their good will. In industry, this tendency to excel and by good will to pyramid success has been largely responsible for the establishment and maintenance of great centers of certain industries in various parts of the world.

Even in the present day, when diversity in industry is hastened into such a rapid pace by the stupendous development of communication, of transportation, and of finance, we still think of certain cities in terms of good will represented by their excellence in the manufacture of certain products.

We think of the development of great divisions of labor, making possible the maintenance of such superiority. Sheffield for its cutlery, Leeds for its textiles, Delft for its pottery, Amsterdam for its diamond cutting, Belfast for its linens, Venice for its glass, Sevres for its porcelain, Lille for its machinery, Paris for its fashions, and so on through a long list of cities and towns in every part of the world, and especially in our own country. All these developments grew primarily out of some special service to mankind and then out of mankind's recognition of the superiority of such service. This recognition is spoken of broadly as good will.

A century or more ago, Lord Eldon defined good will as "the probability that the old customers will resort to the old place." Good will in the simple terms of American business is "Good reputation."

In other words, the item of good will has come to have a value greater than the manufacturing properties. All the buildings of the Curtis Publishing Company might burn tonight, and the presses be destroyed, yet the *Saturday Evening Post* and the *Ladies' Home Journal* would still be among the great magazine properties of the world. The plants of Colgate & Company might disappear through fire, flood, or earthquake, but Colgate's Soap would continue, and probably the famous trade name would be more valuable than before. The same may be said with equal truth of Ivory, Postum, Karo, Coca-Cola, Jell-o, Nestles, Rumford, Beech-Nut, Shredded Wheat, Heinz, Hires, Quaker Oats, Welch, Sapolio, and hundreds more.

Trade marks and trade names are stepping stones of the returning patronage of customers to the old place. National advertis-

ing educates and invites the vast multitude of buyers to return to the old place and so crowns and completes the economic cycle of manufacture and of merchandising.

You need no catalogue of names to recall that it has been only within the last 15 or 20 years that big units of business have begun to increase and to buttress their good will by adopting trade marks and by putting national advertising behind them. The National Biscuit Company and the Royal Baking Powder Company were among the earliest. Very few trade names occupied the national field, and Uneeda Biscuit and Royal Baking Powder were pioneers. In the eleven years from 1870 to 1881 there were only 8,190 applications to the Patent Office for trade mark registration, while in the single year 1921 there were 15,424 such applications.

The point is illustrated by the greater importance formerly given to patents. A patent was greatly desired because it was a monopoly. Now, the futility of patent monopoly, as of any other monopoly, as a basis of permanent merchandising success is generally recognized. In fact, we, as business men, know that a patent is generally a passport to trouble, as, indeed, are all attempts to monopolize in merchandising. Mercantile success, ancient and modern, rests on service, on good will, on the return of old customers to the old stand, openly, freely, and with satisfaction.

Once the manufacturer crosses the Rubicon of national advertising he cannot shirk or repudiate his pledge, for in his brand he has provided the consumer also with the means of rejection. Thus is provided an opportunity to work the destruction of any manufacturer who falls short or shirks on quality, truth, or value. That the public realizes the protection it has in such competitive development is conclusively shown by its firm rejection of the doubtful depths of bin and barrel and by its steadily increasing acceptance of the trade mark package products of our food manufacturers, and by the ever-increasing number of advertised trade name articles of our daily life, whether a Steinway, a Camel, a Kodak, a Victrola, a Pianola, or a Gillette.

The effort of the manufacturer to win the good will of the public under trade marks and trade names and by truth-telling advertising should be hailed as the highest and finest form of competition. The public is made the final arbiter. To put the names of acceptance or of rejection into the hands of the consumer and to abide his free choice is a recent advance, wrought under our very eyes, so openly, yet so gradually, that we have hardly sensed its great significance.

It is an earnest and sincere effort for an enduring good will. It is one of the most powerful of today's answers to the old abuses of monopoly. It is today's pledge to fair trading, fair price, full weight, honest label, and full value.



The NATION'S BUSINESS

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MERLE THORPE, Editor

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The Fallible and Failing "Co-op"

MARKET GUESSING is no easier for cooperative organizations than for other people. Cooperation in marketing has a ring to it that suggests infallibility, but it cannot always make expectations come true.

The raisin growers' association in California expected to realize over \$200 a ton on its members' grapes, and advanced the \$200. On one variety the realization was actually \$61 under this figure, and each grower is now asked to refund accordingly.

Raisin growers have their troubles, and they undoubtedly had their share this year. The incident is mentioned merely by way of pointing the moral that, however excellent the good points about cooperative marketing, it is not a method of obtaining invariably the results the members expect.

If anyone doubted that cooperative organizations are business enterprises and subject to the same trials as other enterprises, he might obtain enlightenment from a report recently issued by the Department of Agriculture. It seems that since 1913 a total of at least 243 cooperative buying and selling organizations have ceased to function. Two hundred of them failed because they did not have sufficient business, 148 by reason of inefficient management, 73 through insufficient capital, 35 on account of over extension of credit, 29 as a consequence of dishonesty in management, and 12 because a few members obtained concentrated control.

Shall We Keep Our Trade at Home?

IRVING T. BUSH is president of the New York State Chamber of Commerce whose executive committee has indorsed the ship subsidy bill. Mr. Bush is also president of the Bush Terminal Company whose eight great piers shelter ships that carry American goods to the four quarters of the globe. The thirty-story building which he put up in New York houses firms that thrive on foreign trade. In London there is going up a Bush building to match the giant in New York.

Yet Mr. Bush views with a despondent mind American efforts to build foreign trade. His face grows longer as he figures the cost of subsidizing an American merchant marine. In a recent issue of *Colliers*, he unbosoms himself about like this:

Let's sell our wheat, our cotton, bacon abroad if other nations want them. Let's sell them automobiles or cash registers if by our skill in quantity production we can make them enough cheaper to dispose of them without effort, but let's not compete on lines where competition means struggle. Let's cultivate our own "great, rich, far-flung nation" to the point where it will absorb our surplus. Why try to sell to those "economically less fitted?"

As for our own ships, Mr. Bush would have none of them. "Don't own a car, take a taxi," is the gist of his argument. "A merchant with goods to deliver buys a truck or hires it according to which is cheaper." But does the merchant ignore the value of advertising, of prestige, of certainty and speed of delivery? Does he reckon only the costs of oats or gasoline? Does he entrust his deliveries to his rival?

In one breath Mr. Bush tells us we can export with success

those things when we have achieved skill in mass production, and in another warns us that "nations which have become great through foreign trade have done so at the expense of their working people."

If we can profitably sell abroad automobiles made in Detroit or cash registers made in Dayton and do no wrong to the workman, can we not sell abroad shoes made in Massachusetts or machine tools made in Missouri without hurt to our people? Are mass production and fair pay to workmen impossible to the makers of shoes and machinery?

"If the forty-eight states were separate sovereignties would any one of these states for an instant bother about seeking Atlantic or the Pacific?" asks Mr. Bush. Why not? Would the Kingdom of California not seek to sell canned fruit to Chile as readily as to the Rhode Island Free State? Havana or London may be better markets for Baltimore than Portland or Los Angeles.

With one thing Mr. Bush says we may agree, that foreign trade should rest "upon permanent sales to solvent customers." But is there no solvency save at home? And no permanency except upon Main Street?

And we cannot agree with Mr. Bush when he says:

"As time passes it will develop whether a merchant marine can justify itself under the American flag. If it cannot, let's hire our hauling done for us."

If we had waited for the American railroads "to justify themselves" without government help, how long would the building of the west been delayed?

Glitter Not Enough

GOLD-MOUNTED knives, in the opinion of the manufacturers of such articles, should be exactly what they purport to be. The parts which appear to be of gold are to be actually of gold, if the article is described by its vendor in ways which suggest they are of gold.

This point of view was expressed by the industry in a "trade practice submittal" announced by the Federal Trade Commission at the end of January, and it was incorporated in resolutions setting out the practices, in marking of knives, the industry considers fair and unfair.

Breeches That Are Taxable

SARTORIAL DISCRIMINATION is one of the tasks of the Bureau of Internal Revenue in connection with the sales tax on riding and hunting garments.

When a pair of breeches is taxable by the government has now received some official illumination. In fact, there has been a formal decision. The upshot of it seems to be that anyone who obtains breeches so poorly fitting as those worn by Army officers doesn't have to pay a tax, but the person who gets a pair which are so made as to cause an "ample pocket for the bended knee when in saddle posture and at the same time preserve the fitted and designed effect essential to a riding habit" will have to add his tribute to the Treasury.

Cutting the Cost of Visés

AVISÉ, or a whole series of them, has been a highly essential thing for persons who fare without the boundaries of their own country, as many Americans have in recent years had occasion to discover. Besides, no representative of a government will affix his best illegible signature, and his expansive seal of authority, without a fee.

Our government put up the fee for the visé of its representatives. Thereupon, most other governments did likewise, especially when they sighted an American passport that needed their coat of arms. Collecting splendid fees for viséing American passports became a sort of national game in some portions of the earth, and there have been railroad

journeys for which the cost of visés exceeded the cost of transportation.

On February 5 the President suggested to Congress that it enact legislation under which he can inaugurate deflation of the high cost of visés.

Whom Can We Trust Now?

WHEN the Inter-Church World Movement began its study of the industrial conditions of the United States Steel Corporation, some may have doubted its judgment, but no one questioned its motives. Now comes Marshall Olds, economist, in a 500-page document, and charges that the Inter-Church was merely a cat's-paw. He tells

the story of how a bunch of Greenwich Village pinks with deep red connections put over a hot one on a bunch of unsuspecting ministers and got away with it.

His investigation of conditions in the steel industry took two years, he says, and was made on his own initiative. Although he got no aid of any kind from the Steel Corporation, he explains that former members of the Inter-Church Movement helped him in the belief that they had been played upon in the earlier report.

To add a bit more fat to the fire, Mr. Olds charges that the Churchmen's report was put together under the eyes of Heber Blankenhorn, labeled by Mr. Olds, "A Greenwich Village radical" and an associate of William Z. Foster, leagued with Moscow communists by the American Federation of Labor.

The foreword holds an interrogative gesture by Jeremiah W. Jenks, professor of government and administration at New York University, and a former associate in the Inter-Church World Movement. Says Dr. Jenks:

The Olds analysis of the churchmen's report is bound to raise serious question in the minds of any student of social problems and those interested in the relation of the church to industrial questions, especially those who believe that the church should take an active part in the direct discussion and solution of industrial problems, and those directly connected with the Inter-Church World-Movement.

Invention by Chance

IN HIS "OUTLINE OF HISTORY," H. G. Wells notes the change in the last generation or two from "workshop invention" to "laboratory invention." But chance still plays a part in discovery and invention.

How the accidental contact of a bronze liquid with the top of a kitchen table provided a solution to a problem of water-proofing wooden blocks for mounting electrotypes is told by the Engineering Foundation. Experiments had been underway for some time at the Forest Products Laboratory of the Department of Agriculture, when one day one of the investigators spilled some of bronze liquid on the unfinished top of a table.

The liquid dried before he could get a cloth to wipe it up. Experiments disclosed that a bronze liquid of the gloss oil type containing aluminum dried very quickly and was highly protective when applied to foundry patterns, and to unexposed parts of furniture and refrigerators, but that it was durable only when used indoors.

A Lawful American Language

THE ENGLISH LANGUAGE might come under regulation, if one senator had his way. A bill has been introduced in the Senate which would make the "American language" the official and national tongue from a date six months after the bill becomes law.

Official standardization of the American language by Act of Congress might be contemplated by the bill. At any rate, the third section announces that it will be lawful, until Congress sees fit to intervene, to use the words and phrases

generally accepted by the people of the United States as in good usage.

Surely, here is a fertile field for legislation. The to do (a phrase in good use in some circles, until Congress provides to the contrary) kicked up over a tariff bill would be as nothing to the rumpus the college professors could set going upon questions of good usage. In fact, college professors could wax so enthusiastic over matters of that sort as to run great danger of lapsing into "illegal" language.

A Drop in Ship Prices

JAPANESE SHIPS have had to take a heavy deflation, in their prices. In 1917, when pretty nearly anything that would float was a ship, Japanese freighters reached a price only slightly under \$500 a ton.

That was the peak. In 1920 the range was from \$200 down to \$80. In 1921 prices reached a low point of \$17. In 1922 they turned upward, going to something like \$40.

No less than 600,000 tons of Japanese tramp ships are reported to be operating away from Japan, with a majority carrying wheat to Europe.

Economy by Commissioners

OUR BUDGET BUREAU and its activities are apparently becoming known abroad. Germany seems to have taken some hints from us, and set up a commissioner of economy. This official is to take in hand the various parts of the government, to reduce them to a "more rational system of finance," and bring them to the point of decreasing the number of their employees.

Organization Not an End in Itself

DR. MILTON C. WHITAKER, chemist and inventor par excellence, has examined the "innards" of industry. With convincing candor, he announces that over-organization is a prevailing flaw of American industry.

"We saw many cases during the war," he says, "where there was so much organization that there was no one left to do the work. We still frequently find organizations all dressed up and no place to go."

Part true, and it serves to put a new edge on an earlier appraisal:

"There is great danger in an organization chart—someone might mistake it for an organization."

Out of the Economic Dark Ages

SMITH WILDMAN BROOKHART—a solid sounding name on the ends but suggestive in the middle—has come from Iowa to hunt Big Business and the Blocs from the vantage ground of a seat in the United States Senate.

"Bloc?" you ask. "We thought blocs were farmer groups and friends of the people."

Not always, is the Senator's answer. There are blocs and blocs and he's only gunning for bad blocs, the Wall Street Bloc, the Railroad Bloc, the Oil Bloc. To our surprise he's discovered that the United States Chamber of Commerce is a Bloc.

A fine portrait of Senator Brookhart is that drawn by Mr. J. B. Morrow in this number of THE NATION'S BUSINESS. As we read it, our mind travelled back for twenty years or more. It recalled Kansas in the days of the Populist movement, of Sockless Jerry Simpson, of Senator Peffer. To them—and to Brookhart—the devils of Wall Street were personal devils. They could at any time of day or night picture a luncheon of bankers where plots were laid against the people.

Senator Brookhart seems an anachronism until we recall that Thomas Edison and Henry Ford go further in their currency ideas than ever Bryan did. Some delusions never die.

Character as Collateral

Here is a system known as the Morris Plan of Industrial Banking that lends hard cash on the reputations of its clients. Losses? They amount to less than one-fourth of one per cent

TWO YEARS AGO a young man from the East Side walked into the offices of the Morris Plan Bank of New York and asked for a loan of \$500. He was not in any business. He owned not a dollar's worth of collateral. But he wanted \$500, because with it he could buy a few typewriters and mimeograph machines and with that equipment set himself up in business.

His only asset was a good character and a reputation for industry. He had for several years been one of the proteges of the Boys' Club on the East Side, and by hard work had reached the head of his group in that organization. The officials of the club would vouch for him. Could he have his \$500?

To an ordinary commercial bank, this would not have been a safe risk, but a Morris Plan Bank is different. At the cost of considerable time and labor the officials of the bank investigated the young man's record minutely, learned from the club officials just what they thought about it, and lent him the \$500. His character and his earning power were the security for the loan; and the bank made the loan only when the bank officials had satisfied themselves that there was practically no chance that they would ever be obliged to go to the two indorsers of the note for the money.

And the reason why the Morris Plan Banks have been able to lend more than \$80,000,000 in the last year to just such needy persons is that their twelve years of experience has demonstrated that this system of banking is sound and practical. The delinquency rate of the Morris Plan Banks is as fixed and certain as the mortality rate of an insurance company's actuarial tables. It is less than one-fourth of one per cent. Out of every hundred dollars borrowed on those extraordinary terms 99 and a fraction comes back, and with a little patience the backsliding dollar is likely to show up and make it unanimous.

NOR have these facts been tried out merely in a limited way, for the Morris Plan Banks began operating in 1910, and they have been growing in numbers and in size and importance ever since. There are now 100 of them in the United States, all engaged

By J. WAINRIGHT EVANS



C. O. Buckingham

in enabling men to borrow themselves into solvency, paying doctor's bills, paying dentist bills, helping new babies into the world, buying new furniture for the sitting room, or a vacuum sweeper for a house wife, rescuing this man from the clutches of a loan-shark, saving that woman from despair, increasing the efficiency of people by wiping out their worries and making them happy—all by the simple process of granting them the credit they need and deserve, so that they may pull themselves out of their difficulties instead of sinking deeper.

But, to come back to the young man who borrowed the \$500. In about a month he returned and asked for \$500 more. He explained that his business was expanding and that he needed more equipment. An investigation verified his statement, and he got the second loan. He kept coming back till he had more than \$2,000, every dollar

of it hard at work. That was two years ago. Today he has offices in one of the best business sections of New York, amounting to 2,000 feet of floor space. His rental is about \$6,000 a

year. He has a staff of workers under him. He has a growing business and does his borrowing from the commercial banks.

I got that story from Wallace D. McLean, vice-president of the Morris Plan Bank of New York. Mr. McLean was closely associated with Mr. Morris in working out the beginnings of the Morris Plan. He began with the stories first, and made the explanations later. And that really is the only way to tell about the Morris Plan Bank.

THERE was the story of the aged dealer in novelties whose once prosperous business was sliding down hill toward bankruptcy because he was losing his grip and his commercial judgment. His son came to the Morris Plan Bank of New York and stated the situation.

"I know I could make the thing go," he said, "if only I could rake together enough money to pay off the indebtedness and take the business into my own hands."

"Go to a couple of the firms your father has been buying from for years," the bank told him, "get their indorsements and we will let you have enough money to clean the slate and start you square."

He went out and presently came back, not with two names, but with eight. The bank let him have \$3,000. He used it to such good purpose that he soon had it paid back. Then he asked for \$2,000 to expand on, and got it. He squared that debt, and got \$2,000 more, which amount he made the last payment on a few days ago.

His business is humming. He employs both his father and mother each at a higher salary than the amount of his father's income when he owned the business.

The Morris Plan was the result of many years of first hand study by Mr. Morris of the various credit systems of Europe, for he had always believed it possible for sound banking to be done on the basis of credit secured by character and earning power. His investigations in Europe gave him the demonstration of fact that he desired. His

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insuring user and his bank, jointly, against loss or lawsuit.

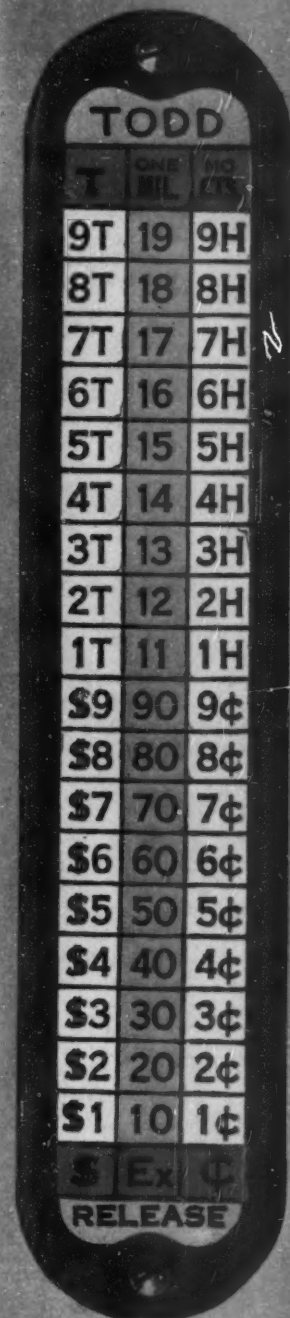
Todd Protectograph Co., Inc., 1174 University Ave., Rochester, N. Y.

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Send the coupon with business letterhead for samples of the two-words-at-a-time writing and PROTOD-Greenbac checks with the magic "VOIDS."

PROTOD-Greenbac Forgery-proof Checks.
One Drop of acid makes the whole check "VOID."



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Double Speed—Two
Words at a Stroke

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Send me exhibits as specified.

Name _____

N.B. 3-23

next problem was to adapt the European systems to the needs of small people in this country. He believed that by keeping down the overhead, and by being content with thousands of small profits instead of a few big profits, the thing could be done. It was done, and the names appearing on the list of more than 2,000 men, who in the past thirteen years have been officers or directors of Morris Plan Banks, are the best possible evidence of the very high estimation in which that Plan is held by the American business world.

Among them are found: Newton D. Baker; Thos. F. Bayard, United States Senator from Delaware; Wm. Hamlin Childs, director, Allied Chemical and Dye Corporation; Gen. Coleman du Pont, former Senator from Delaware; John H. Fulton, president, National Park Bank; Ambassador Myron L. Herrick; S. A. Lewishohn, capitalist; L. K. Liggett, president, United Drug Company; John Markle, coal operator; E. T. Meredith, ex-Secretary of Agriculture; Wm. Fellowes Morgan, ex-president, Merchants Association; Charles H. Sabin, chairman of the board, Guaranty Trust Company; Herbert L. Satterlee; E. Van R. Thayer; H. H. Timken, Canton, Ohio; Henry R. Towne, chairman of the board, Yale & Towne Mfg. Co.; W. T. White, president, the White Motor Co.; Peter W. Goebel, Kansas City, ex-president American Bankers Association; P. L. Goldsborough, Baltimore, president, National Union Bank, and ex-Governor of Maryland; W. B. Storey, Chicago, president, Atchison, Topeka and Santa Fe R. R.; Charles Jerome Edwards, Equitable Life Assurance Co.

The Morris Plan Banks are not merely remedial, they are also constructive. Their big purpose is not merely to help people out of their immediate difficulties; they go beyond that, and try to show their clients how to earn, save and use money. Lending money without teaching how to save, is to do but half the job.

It may be asked then in what respect the Morris Plan differs from any other, since any ordinary bank will lend money on suitable indorsement. One difference is that the Morris Plan Bank will not lend to any person who is likely to fail to make good. But the Morris Plan loans to the borrower, and not to the indorser. The indorser is to be resorted to only in the remotely possible event that the borrower fails in his share of the transaction.

Differs From Commercial Bank Idea

THAT is why it is possible for borrowers on the Morris Plan to get indorsements which they could not possibly get if they were borrowing at a commercial bank. The indorser understands that the judgment and experience of the Morris Plan Bank making the loan practically guarantee the solvency of any one to whom it lends. They investigate the applicant, question him, talk with his wife, counsel her; talk with the landlord and, possibly, meet all the children and pat 'em on the head. It becomes a family matter.

Costs money to do all that? Of course it does, but a small fee covers the cost in most cases, and if the investigation has to be extended to a cost that goes beyond the fee—why, the bank stands the loss on the theory that it averages up in the long run. It may take an hour to investigate the record of this

man who wants to borrow \$3,000 and a whole day to investigate the case of Tony Moreno who wants to buy a new pushcart and bananas to fill it.

There are four points covered in every loan made on the Morris Plan. First, any person of good character and habits, who can get two responsible persons to indorse his note, can negotiate a loan at a Morris Plan Bank.

Second, a borrower can obtain a loan for a useful purpose only. Its object must be explained and must be sound.

Third, loans are made for one year. This provision is made because most wage-earners have such a small surplus over their weekly needs that a short time note defeats its own ends, and the necessity for constant renewals is a cause of discouragement and depression to the borrower. Fourth, the borrower creates by means of weekly or monthly payments, a fund which he may use at the end of the year for the repayment of his loan.

As most wage-earners are paid weekly, the borrower pays one-fiftieth of the amount of his loan each week as an installment on the purchase of what is known as a Morris Plan Certificate, which may be turned into cash to meet the loan at maturity. For example, on a loan of \$100 a borrower agrees to buy two certificates at \$50 each. He pays \$1 a week on each certificate. At the end of the fifty weeks he can either cash them and repay his loan, or he can keep them as an investment and repay the loan from other funds.

How Loans Are Made and Paid

THIS matter of the certificates is interesting because of the psychological twist. The Morris Plan has two classes of certificates, the installment and full paid. At the end of fifty weeks the borrower has paid for his two installment certificates. If he wants to keep them he can convert them into full-paid certificates, and can at once borrow a hundred dollars without indorsers. He pays his original debt with that hundred, and then consumes another year redeeming his two full-paid certificates. He has thus been coaxed into saving consistently for two years instead of only one. At the end of the second year he owns two full-paid certificates and has paid his debt.

The method of obtaining a Morris Plan loan is about as follows: The applicant, let us say, wants to borrow \$400. He fills out an application blank which asks many pointed questions, his income, name of employer,

for a small fee regulated by law, payable only if the loan is made.

Perhaps the applicant owes a number of small debts to many creditors—loan sharks among them. Suppose his total indebtedness amounts to \$550. In that event he is told that he had better lump all his debts, cover them with a single loan of \$600 and start square. Assuming that he and his co-makers are an acceptable risk, they sign a note and the applicant receives \$555.50, that is \$600 less the interest at 6 per cent plus a small service charge. This covers his debts and a bit over. The terms of the note require him to buy installment certificates, and to pay for them at the rate of 2 per cent, or \$12 a week, or he may pay \$60 a month for ten months. If he should fail to pay, his co-makers will be permitted to continue the payments till the debt is liquidated, but, as I have already indicated, the loan is made on the strong probability that he will not fail.

Wouldn't Aid in Buying an Automobile

A YOUNG girl came to the Morris Plan Bank of New York recently and wanted a loan to buy an automobile. She was a stenographer. Her employer, a man of unquestionable financial standing, would be one of her co-makers. The bank promptly refused to make the loan. The girl's employer indignantly called up the bank by telephone and wanted an explanation. It was the first time, he said, that any bank had ever refused to accept his indorsement. What was the trouble? The bank explained that his name had nothing to do with it; that the girl had no business with an automobile; that her income did not justify it, and that although she might make good, and although the bank in any event ran no risk, it would not be good for the girl. The man saw the point; and was converted on the spot from a critic to a firm friend of the Morris Plan.

One remarkable development of the Morris Plan has been its recent establishment of an adaptation of the trade acceptance, which makes it possible for a merchant to sell his goods for cash to customers who want to buy on the installment plan. By agreement entered into between the merchant and the local Morris Plan Bank, the customer pays, say, 10 per cent down to the merchant, and then signs a trade acceptance for balance. On that acceptance the Morris Plan Bank gives the merchant his money, and then collects the amount from the customer in monthly payments. The merchant, of course, assumes the contingent liability. The customer pays 6 per cent as he would for an ordinary loan, the merchant pays a small fee for the accommodation, and everybody profits. The merchant has his money, the customer has his goods for immediate use, and the bank has served both of them and itself. One Advantage of the arrangement is that the buyers are much less

likely to be delinquent in dealing with a bank.

Practically every useful article that goes into the home is being purchased through some Morris Plan Bank on this retail trade acceptance plan. Whether an applicant is in need of

money for remedial or constructive purposes, or finds it convenient to improve his living conditions by the purchase of articles through the use of an acceptance, it is the slogan of this system of industrial banking that "all persons are entitled to credit for useful purposes on the basis of character and earning power."



how long employed, what debts he owes, and so on, including a full statement of why he wants the loan. His co-makers answer similar questions with regard to themselves. An investigation is then made by the bank



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Congress on the Trail of Facts

Flashlights of the Struggle to Embody the Will of the People in Legislation

WHEN I first heard the term 'filled milk' as used in the bill (Voigt bill to prohibit shipment of filled milk in interstate or foreign commerce) I thought it was "spilled milk," said Senator Kendrick, at a confidential moment in the hearing.

"How does milk like filled milk stack up as infant's food? . . . It is never used as infant's food."

Dr. Joseph Brennemann, of the Children's Hospital of Chicago, is speaking before the senator's sub-committee. "Only about eight or nine months ago I was asked to go up to Madison to say something like this, and the word Hebe was mentioned. I tell you honestly that I did not know whether Hebe was a patent medicine or a corset."

From humble beginnings of knowledge like these, three volumes of testimony resulted. The situation is that, on the one hand, Ol' Miss Cow, conceded by scientists to sit tight on a monopoly of Vitamine A, doled out to humans through her milk; and on the other hand, a pesky, vitamineless Coconut Cow, and making pretense to qualify as an American cow, have locked horns, as it were. They had a bout before the Wisconsin Legislature, and Madame Coconut was worsted. They had been having a set-to before the Congressional Committees on Agriculture, talking back and forth through their counsel in substance like this:

Miss Cow: You inject yourself into my skimmed milk and masquerade about the country as though you belonged to my family.

Madame Coconut: Don't I say what I am, right out to everybody?

Miss Cow: Maybe your intentions are good, but you are a fraud just the same. Who stops to read your pedigree?

Madame Coconut: Think of the people who could not have any milk at all if they did not have me?

Miss Cow: Think of the babies you are depriving of a chance to grow up right.

Madame Coconut: I am not infant's food, and everybody knows it.

And so on and on and on.

And What's at the Bottom of It?

BUT IT is all beside the point, for listen to Representative Aswell (La.), who is interrogating a departmental scientist. "You made a very interesting statement awhile ago—and I think that is the crux of this bill—that the development of this industry (filled milk) would, through competition, as it were, injure the dairy business?"

Dr. LARSON: Yes sir.

Mr. ASWELL: That is the basis of this bill. Now, over here on Fourteenth Street I understand they are building a very fine hotel and that it will come

directly in competition with the Franklin Square Hotel. Do you think Congress ought to stop that interference with the Franklin Square Hotel?

Dr. LARSON: Mr. Congressman, I think they should, if it was injurious to the nation as a national policy.

Mr. ASWELL: But you have not shown that.

Dr. LARSON: I cannot show that.

Mr. ASWELL: . . . Now, here is a Member of Congress. He is a federal official and he is working hard. Next fall he has opposition. Would it not be proper, under the principle of this bill, for Congress to step in and shut him out? It is the same principle.

Dr. LARSON: I again repeat that if he was injurious to the nation it would be well to put him out.

Mr. ASWELL: All right. Let me ask you this further. Is it the business of Congress to decide that, or of the men who elect him?

The Search for the "Yes or No"

ANOTHER well-known departmental scientist was before the committee to tell what he knew about filled milk products. "I want to know whether, in your judgment, they are deleterious to human health," inquired Representative Kincheloe (Ky.).

Dr. LANGWORTHY: Such a question as that, as I understand it, resolves itself into this: The constituents of which they are made are foodstuffs, and yet skimmed milk and vegetable fat, of which they are composed, as I understand it, lack the vitamins of the whole milk.

Mr. KINCHELOE: . . . You can certainly answer yes or no to the question of whether in your judgment this stuff is deleterious to human health.

Dr. LANGWORTHY: I would have to say that it would depend on the way it was used.

Mr. KINCHELOE: What do you mean by that?

Dr. LANGWORTHY: You have got to get vitamins, and unless you get them from other foods—if your diet does not contain them and you relied upon this product to get them, you would not get them.

Mr. ASWELL: Are the elements in this Hebe or other milk compounds wholesome food or not?

Dr. LANGWORTHY: Skimmed milk is a wholesome food.

Mr. ASWELL: Can you not answer yes or no? You know what the elements are. Are the elements wholesome or not?

Dr. LANGWORTHY: And the vegetable fat is a wholesome food, rightly used.

Mr. KINCHELOE: Then is it deleterious to human health, doctor?

Dr. LANGWORTHY: They might be, if you placed undue reliance upon them.

Mr. KINCHELOE: Can you not answer that question yes or no?

Dr. LANGWORTHY: There are some things that I do not see how you can answer by saying yes or no without giving a wrong impression. . . .

Mr. KINCHELOE: Would it be placing undue reliance upon them to use them in cooking?

Dr. LANGWORTHY: If you placed the reliance upon it which you place upon whole milk. . . .

Representative JACOWAY (Ark.) (interposing): If it is used correctly, then you would say that it is not deleterious, but an advantageous element that went into food for the human stomach, and if it was not used in that way, then you would say that it would be deleterious.

Dr. LANGWORTHY: Your definitions are very restricted. You ask the question in a very restricted way. . . .

Mr. JACOWAY: State to the committee the ways in which Hebe can be used that would be advantageous to health, and state the ways in which Hebe could be used that would be deleterious to health, if any. Now, that question is as broad as the universe.

Dr. LANGWORTHY: I have never studied the ways in which this product could be used. . . .

Mr. JACOWAY: Then will you qualify as an expert and state to the committee anything that would be of advantage to the committee relative to the proposition as to whether or not Hebe is deleterious or advantageous as a food product?

Dr. LANGWORTHY: I do not think —

Mr. JACOWAY: Can you not answer that question yes or no?

Dr. LANGWORTHY: The question would have to take into account, would it not . . .

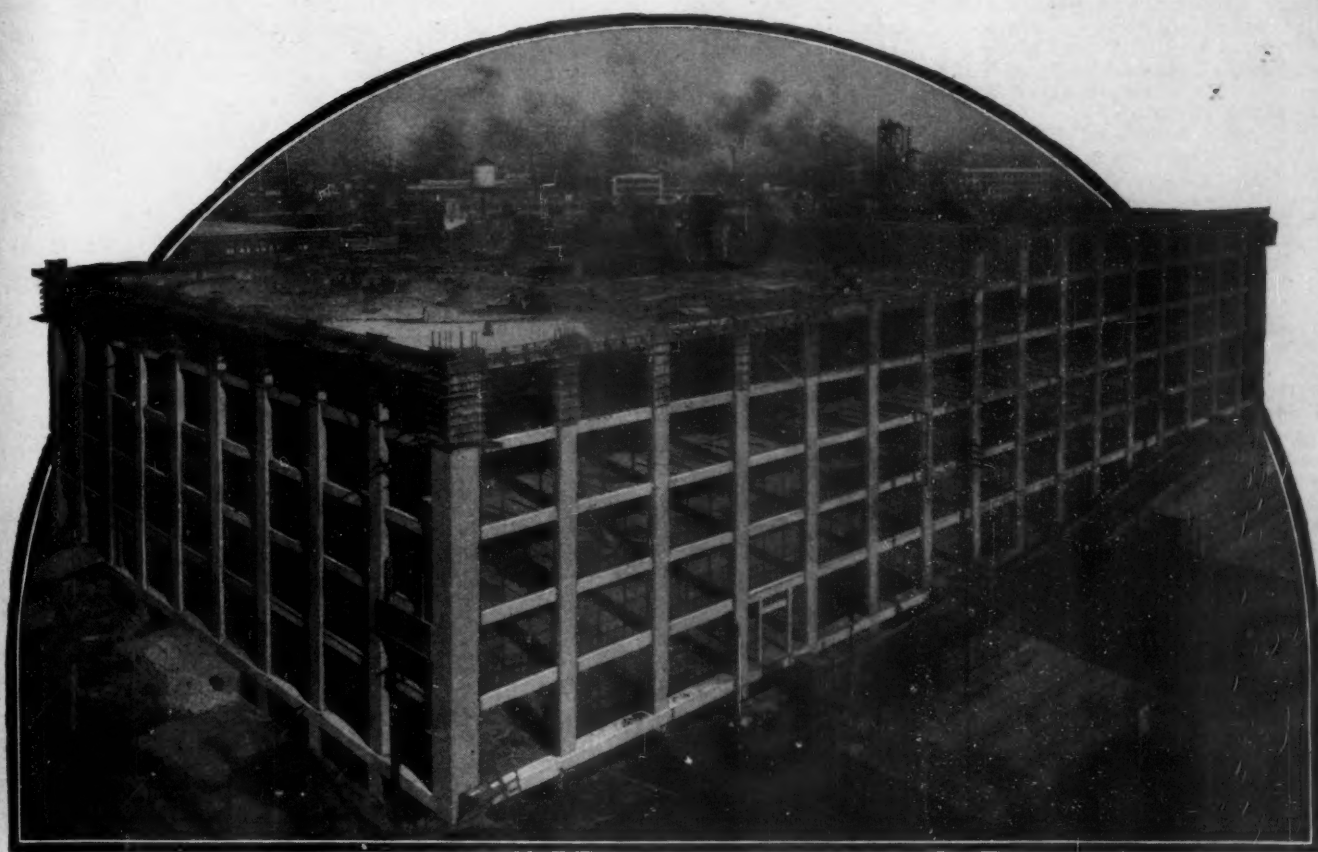
Mr. KINCHELOE: The trouble with you doctors is that you evade and get around the court and every one else. As I understand it, the sum and substance of what you have said here is that you have not told us anything. I am frank to say, because you have not answered any of the questions.

Representative VOIGT (Wis.): Doctor, I would like to ask a few questions, because I think perhaps you know more than you are given credit for knowing on this subject. Do you consider this compound to be in the nature of an imitation of milk?

Dr. LANGWORTHY: I had supposed that it was stated on the label just what it was.



C. O. Buckingham.



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The Delco factory shown above is typical of Ferguson service. Started Aug. 21st the concrete work for its seven floors, of 60,000 sq. ft. each, was completed in 4½ months (in spite of the coming of cold weather). Delco had contracted to begin deliveries on a specified date. There could be no delay in securing the needed floor-space—so they placed the job with Ferguson because they knew that Ferguson delivered results—not alibis.

We are always ready, in person or by correspondence, to explain Ferguson policies and methods of operation. An interview is preferable and places you under no obligation. Write, wire or 'phone.

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Mr. VOIGT: Irrespective of what is on the label, do you consider it to be an imitation of milk? Would you classify it as such?

Dr. LANGWORTHY: I should classify it for exactly what it is, a combination of skimmed milk and vegetable fat. . . .

Mr. KINCHELOE: Skim milk with a little vegetable fat does not hurt anything, does it?

Dr. LANGWORTHY: That assumes its use in a milk diet which has an abundance of vitamins from other sources.

Mr. KINCHELOE: I thought there would be some qualification to it, because you have not answered anything this morning yes or no that I have heard yet. You can evidently tell the committee whether skimmed milk mixed with some vegetable oil is detrimental to human health. Can you answer that yes or no? This is the third time I have asked you that question.

Dr. LANGWORTHY: I shall have to say again, as I did to you before, I am afraid that it depends on the way you use it.

Mr. KINCHELOE: Yes, I thought that.

Dr. LANGWORTHY: Salt might be deleterious to the human system, because it depends upon the way you use it, and I could not say offhand that salt was or was not deleterious without knowing all the circumstances.

Mr. KINCHELOE: I should think that a human being could drink too much of your good milk, so that it would be deleterious if they glutted on it or drank it to excess.

Dr. LANGWORTHY: I never knew of anybody doing that.

Mr. KINCHELOE: I am not asking about what you know. That could be done, could it not? You can run anything to extremes.

Dr. LANGWORTHY: I do not know whether the stomach could hold so much milk that it would be harmful. I think the stomach holds only about three pints.

Milk To Make Congress Young

WHEN Doctor McCollum came from Johns Hopkins, armed with a photographic exhibit of rickety rats, he did some stepping on a diet of "cereals, peas and beans,

potatoes, fleshy roots and muscle meats, of which we are so fond—and ham, round steak, porterhouse steak, and so on. Not that we cannot grow up on it, not that we cannot live on it, but you will be as old looking at forty years as you would be at sixty-five on a proper diet."

Mr. KINCHELOE: What makes a nutritious diet, Doctor? (Laughter bubbled about the committee room.) I am asking for information, because I have been growing pretty strong on that deleterious stuff you are talking about.

LEGISLATION is largely a matter of committees. By them much—perhaps most—of the work of the Federal Congress is done. There in travail are brought forth facts. Experts appear and puzzled legislators beg them to bring their statements down to the level of everyday understanding. Here's a cross-section of what goes on at one of these hearings. It happens to be on filled milk, it might have been on any one of a hundred bills, but it's typical of what is always going on when Congressmen in committee are seeking facts.

Dr. MCCOLLUM: Gentlemen, I welcome this question, because I see before me a number of men who can profit by what I have to say. . . . A quart of milk per day for every individual in the land, half as much meat as we are taking, and then the cultivation of the practice of using green salad dishes. . . .

Mr. KINCHELOE: Doctor, you have got me interested in this, because I would just as soon take a dose of medicine as a glass of milk. I do not like it and cannot drink it.

And Why Milk, Anyway?

"I WAS brought up by a Scotch mother," testified Mrs. M. H. Beal. "She had nine children; one of her sisters had twelve; another fourteen. I am past middle age, and yet I might say I still have my teeth, more hair than I know what to do with, and a little more health than I care about, and I guarantee my mother did not know a

vitamine from a last year's bird nest. . . . I am pretty husky, but I never in my life have been able to drink milk, and yet I have survived. So it seems to knock all that into a cocked hat when these things happen."

DR. EVA L. WILSON speaks for country people in Illinois. "The family might be balanced as a family," she found, "but Johnny might eat all the meat and Mary eat all the cake.

"As Dr. Emerson says," she continued, "the American child fights, bleeds, and darn near dies to get his own way. . . . The child on the farm or anywhere else is running this whole affair for us all. He gets up when he gets ready and does not have time to eat his breakfast, and if she is a thirteen-year-old girl and cares more for puffs over her ears than for breakfast she goes without breakfast. . . . On our farms the breakfast is over hours before school time. We are keeping the eight-hour day, you know; eight hours in the morning and eight hours in the afternoon, endeavoring to make enough to live on."

Dr. Wilson's "contention has been among my farmers for a long time that they have their complete food in their corn," but "I never saw such a variety of worms as there were last year in the grain."

Senator MCKINLEY: There are vitamins in these worms, are there not?

Dr. WILSON: There might be a certain amount in the worms, but you know in this world we have to take into account appetite.

Keeping History Straight—But Why?

ONE man who appeared before the committee thought in regard to a certain point that "possibly it may be well to put in the record, because sometimes these records are read. . . .

"By whom?" interposed Senator McKinley. "I don't know."

Rubber Bounces Up and Down

RUBBER is a raw material of which we produce none but of which we have come to use a great deal, with excellent prospects for extending our demand still farther.

In 1908, when we may have been beset about equally with a longing for rubber to go into gum shoes and a desire for automobile tires, we imported something like two-thirds of a pound per capita. By 1913 our appreciation of automobile tires was gaining the ascendancy, for we went abroad for over a pound for each member of the population. In 1918 all doubt was removed; we wanted tires, and lots of them—so many, in fact, that the men who seek to take the necessary steps to meet our future wants were greatly impressed, and brought in, during 1920, over 5 pounds per capita. Perhaps that was overdoing the matter, at least temporarily; for we dropped back to 4 pounds per American in 1921. In the twelve months of 1922, though, we imported almost 6 pounds for every one of us.

By far the greater part of the world's production comes to us. So rapid a growth in production, with a doubling about every seven years, could not occur without striking events. In fourteen years the main source of supply shifted half-way round the world, from Brazil to the islands and peninsulas

of the Far East and from the wild forests of the Amazon to plantations of trees grown as definitely for their crop, and about as methodically, as the trees of our fruit orchards.

That took money. Money meant companies, and the shares of companies growing rubber became a favorite form of investment in England. A greater change from the methods along the Amazon in financing the gathering of rubber could hardly have occurred.

A Machiavelli could scarcely have created a situation in which more trouble could originate. Machiavelli would not have been disappointed in the results, either. In 1908 the foreign price of rubber ranged somewhere between 75 cents and \$1.10 a pound. In 1913 it had a high point around \$1.10 and a low point in the vicinity of 48 cents; rubber has a way of fluctuating widely in price during a year. In 1920 it fetched 70 cents a pound and then smashed down to 20 cents, the lowest figure it had ever reached and about 50 per cent of the lowest prices in prewar times.

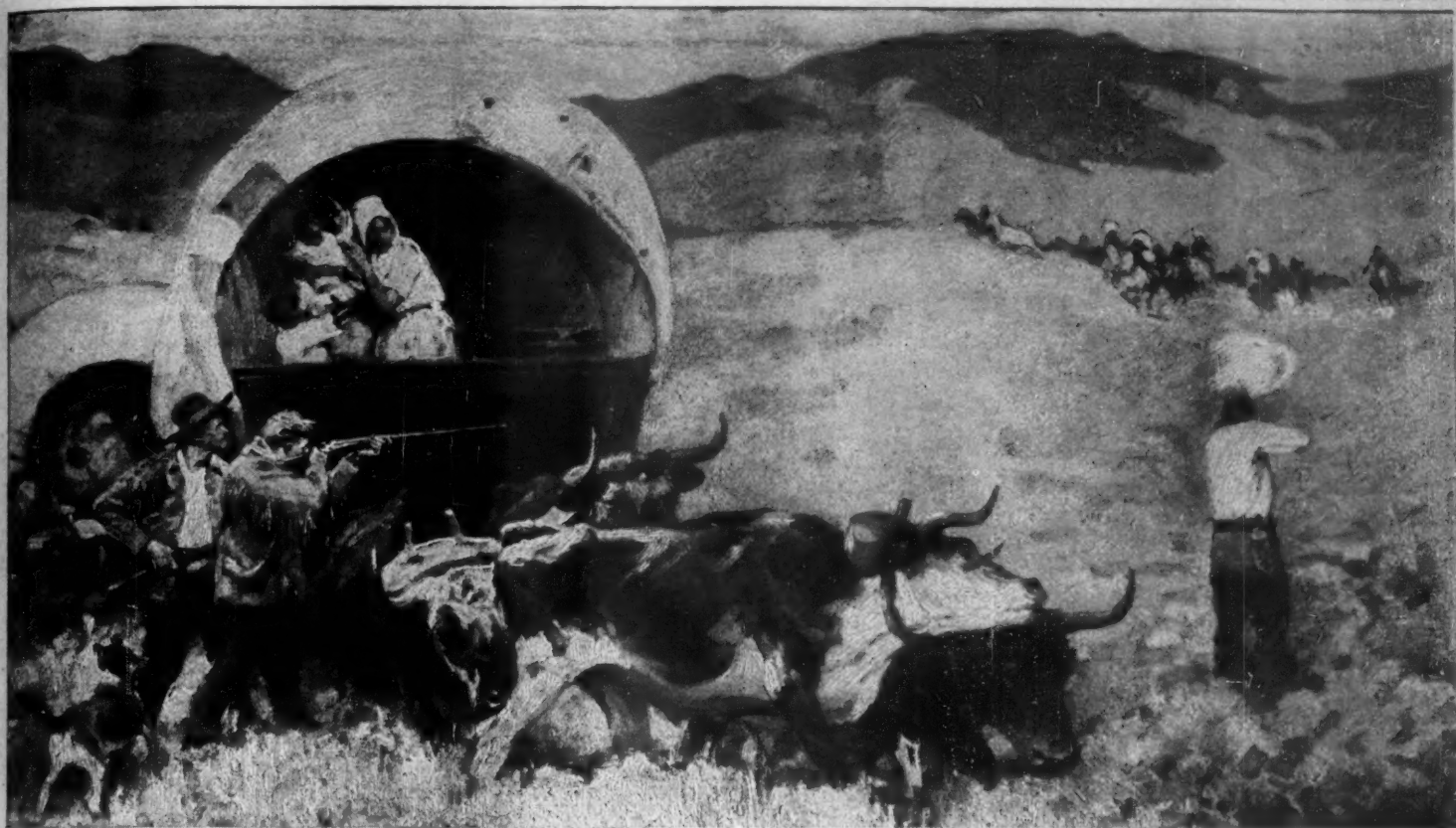
That was the year of great decline, although the price later sought lower levels. The average price of rubber imported into the United States in September, 1922, was

only fourteen cents, or only slightly over one-third of the lowest price in prewar years.

After the debacle of 1920, planters of rubber sought to save themselves by agreements to restrict production. As is the usual course with gentlemen's agreements, this plan failed, because the least gentlemanly of the participants went farthest in evading their undertakings. England then undertook to deal with the matter by legislation and in the autumn of 1922 enacted a law which, so far as British law can reach the plantations, will impose restrictions and also levy an export tax. Thereupon, rubber took one of the rebounds in price which a punster might allege are derived from its elastic nature; in short order, it ascended in price by 200 per cent.

Even though the price is yet below the prewar low points, fluctuations of this sort mean a very great deal to the manufacturers and their customers upon whose demand the rubber production of today has been built. Even if our folk were solely philanthropists, they could not remain long in the vocation of philanthropy while being whipsawed to the extent of 200 per cent in three months. Whipsawing is not conducive to the maintenance of an equable disposition, among philanthropists or others.

• GRAY • VANCOUVER • ASTOR • LEWIS • CLARK • BONNEVILLE • WYETH • WHITMAN • DE SMET • COLTER • BRIDGER •



AND SO THE WEST WAS WON

ACROSS the vast expanse of the American continent—dusty, toiling columns of covered wagons crawling toward the sunset.

Twenty-four hundred miles over the Oregon Trail! Twenty-four hundred miles of hardship, danger and death beneath a wilderness sky.

From 1843 onward, caravan after caravan of men, women and children moved westward—suffering, fighting, dying sometimes by scores, but turning back never.

Until, at last, by the valor and blood of a pioneer breed the West was won.

* * *

And now—the second winning of the West, the development of its vast resources, the harvest of its bounty.

The call from the Pacific Northwest is still for pioneers—not of the wilderness which has vanished. But for pioneers of commerce, agriculture and industry in a realm of large and beautiful cities, great ports, pleasant country-sides and humming activity.

Its opportunities are the

unparalleled opportunities of a vast domain that is young, still in its infancy—yet already rich and great beyond the dreams of its founders.

Its forests, proudest of the globe, annually yield billions of feet of lumber.

What was but two generations ago the wilderness of Washington, Oregon, Idaho, Montana and Wyoming, today pours more than a hundred million bushels yearly into the world's granaries.

Its mines, its herds and flocks, its orchards, fisheries and industries add hundreds of millions annually to the wealth of its people.

And where Hudson's Bay Com-

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* * *

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To the Pacific Northwest

THE LAND OF OPPORTUNITY

What Europe's Tariffs Mean to Us

By HENRY CHALMERS

Chief, Division of Foreign Tariffs, Bureau of Foreign and Domestic Commerce, Washington, D. C.

THE AMERICAN business man who assumed that his tariff problems were all settled with the passage of the Fordney-McCumber Tariff Act of last September, counted without the host—the much greater European Tariff Upheaval is still far from over. In his daily or his commercial paper he has seen such head lines as these:

ENGLAND PROTECTS KEY INDUSTRIES
FRENCH TARIFF COEFFICIENTS ADVANCED.
GERMAN FOREIGN TRADE CONTROL TIGHTENING.
NEW FRANCO-SPANISH TREATY EFFECTIVE—DUTY CONCESSIONS EXCHANGED.
NORWAY AND SPAIN EXCHANGE FISH FOR WINE.
POLAND AND AUSTRIA CONCLUDE MOST-FAVORED-NATION TREATY.

How many American business men have, in their own minds, been piecing together these sporadic announcements of changes in the tariff or commercial policy of this or that nation, and building up from them any definite, coherent idea of what the general drift has been in the tariff policies of foreign countries, or what relation these events abroad have to revision of the tariff policy that had been going on in their own country?

For next only to the vexed problems of territorial assignments and the adjustment of financial obligations, probably no phase of the European affairs brings out in as sharp relief the state of unsettlement that seems to have fastened itself upon Europe since the war as the upheaval in tariff legislation and commercial policy generally. At the same time, no phase of the legislation of European countries is as direct and immediate in its effect upon the foreign trade of the United States as is that concerned with customs tariffs, import and export restrictions, and all that chain of regulations through which a government expresses concretely its policy with regard to the control of the foreign trade in general, or in regard to particular countries or commodities.

Radical Revision of Rates

PROBABLY no period in the history of organized international trade has witnessed so active and so radical a movement for revision of customs tariffs as has characterized the past two years, particularly in the countries of Europe. In many cases these changes have been marked by the abandonment of commercial policies of years, and by the adoption of exceedingly restrictive regulations on the admission of the products of one country into another. It is significant that the number of articles announcing either general tariff or treaty revisions, or changes of more limited scope, published in the weekly "Commerce Reports" of the United States Department of Commerce, totaled during the past year 1,048, compared with an annual total of a few hundred items during the earlier years of comparative stability in foreign tariff policy.

Despite the multitude of apparently unrelated changes, however, a close observer

of the trend of European commercial policy can, I believe, discern a fairly definite movement gradually working itself out. So far as unsettled internal economic conditions, uncertain budget and debt problems, and fluctuating currencies have allowed, the countries of Europe have been trying to reshape the basis of their commercial relations with each other and with their trading countries overseas, in the effort to reach an adjustment that will serve the intensified national interests as each country now views them, and at the same time meet the changed conditions under which international trade must now be carried on. It need hardly be pointed out that the motives that have been prompting this reshaping, as well as the character of the specific measures which have been adopted, are traceable, for the most part, to the economic disturbances brought on by the war and the problems that have followed in its wake.

TARIFF making is a game at which two can play, and the troubles of the American manufacturer and exporter did not end when the Fordney tariff became a law. In Europe tariff making is constantly going on in a dozen countries and every move affects American business. Right now a trade treaty with Spain is worrying the makers of vegetable fats, textile machinery, rubber and a dozen other things. Henry Chalmers, the expert on foreign tariffs of the Department of Commerce, is perhaps the best informed man in the United States on European tariff policies and their effect on us. We have asked Mr. Chalmers to write two articles, and in this, the first of them, he sums up the tendencies of tariff-making on the other side of the Atlantic.

THE EDITOR.

Broadly considered, four types of measures may be distinguished as having characterized the commercial policy of the European countries since the war: (1) Tariff revisions, usually upward, of more or less general scope; (2) import and export restrictions, in the form of total prohibitions or governmental licensing systems; (3) anti-dumping measures of various types; (4) revisions of basic treaty relations.

The first of the four types of measures may be roughly termed "Tariff revision upward." The purpose of measures of this type may have been one of several. Prominent among them has been the desire to protect the domestic industries during the period of reconstruction against the too ready importation of foreign competitive products. The working out of this motive is perhaps best illustrated by an examination of the French tariff policy for several years past.

Giving up, after a short trial, the attempt to adjust the prewar tariff rates to the new level of prices by a system of ad valorem surtaxes, France has, since the middle of 1919, been using the coefficient system, which consists of leaving the basic rate unchanged and simply announcing a coefficient of 2, or 3-5, or 6, by which that basic rate is to be

multiplied until further notice. It should be kept in mind that France, as most European countries, uses mainly specific tariff rates. A coefficient of 2 thus doubles the original duty, or advances it 100 per cent; a coefficient of 6 raises the duty 500 per cent, and so on—always, however, in the terms of the depreciated French franc.

France Maintains Protection

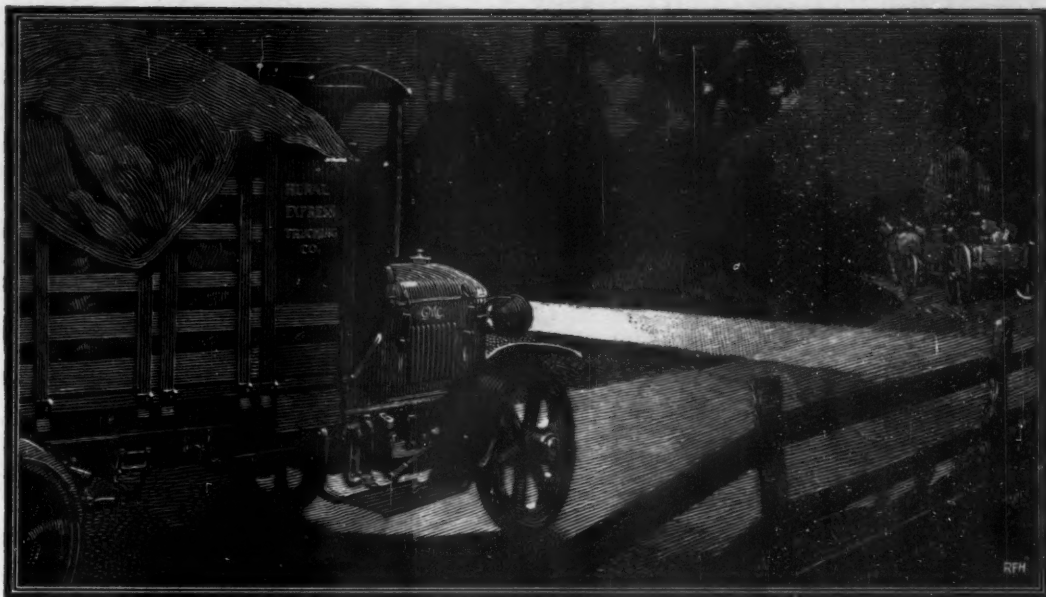
THIS method has been well adapted to carry out the declared primary purpose of the French Government in adopting it, of maintaining under the changing level of prices the same level of protection to domestic industries as prior to the war. Moreover, French duties being paid in paper francs, the depreciation of French currency had brought about a considerable loss in the actual governmental income from customs receipts, which the imposition of coefficients on import duties served to make up.

It is significant that these changes have required no legislative action, but have been at the discretion of an Inter-Ministerial Commission created and charged with the periodic revision of the system of co-efficients. This commission has from time to time during the past years, often as frequently as once a month or oftener, ordered what have amounted to partial revisions of the French tariff, by announcing the imposition or change of co-efficients on lists of particular commodities.

While long-time contracts have probably been rendered somewhat difficult by the possibility of a change in the import duty before the date of delivery, the fact that the general French policy of lodging in an administrative body

the power to alter tariff rates in accordance with needs appears to have proven workable over a considerable period of time, and in a country the industries of which are highly sensitive to competition from foreign imports, is an interesting experiment in flexibility of tariff adjustments. For in actual practice, over a period of three and one-half years, the coefficient system seems to have been applied by France in such a way as to constitute a flexible method of effecting selective tariff revision in accordance with economic needs, and quick adjustment to changing price conditions, without making necessary a thoroughgoing revision of the entire basic tariff schedule such as the United States has recently experienced.

Thus, in order to discourage the importation of luxury articles and to obtain on more favorable terms supplies of essential necessities from abroad, the coefficients on luxury articles have been made noticeably high, while foodstuffs, industrial materials and other necessities have been made subject to relatively low or no coefficients of increase. Moreover, a study of the changes in the French tariff duties effected during the past six months would indicate that, recently at least, an effort has been made to use the coefficient system as a prompt method of ad-



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justment of tariff duties downward as well as upward. An analysis of the recent lists of coefficient changes ordered by the Inter-Ministerial Commission show about as many cases where the former coefficients have been reduced or abolished as where they have been increased.

The authority of the Inter-Ministerial Commission to effect tariff changes without requiring prior legislative approval lapsed on December 31, 1922. It is understood that this power was not extended beyond the original period, in anticipation of a general legislative revision of the French tariff, planned for the spring of 1923. The preoccupation of the French Government with the reparations problem is likely further to postpone this general revision.

In the meantime a stop-gap measure appears to have been resorted to in the form of a proposal by the Minister of Finance for a flat 20 per cent advance of customs duties and other taxes.

The bill is now (Feb. 15) before the Chamber of Deputies.

Italy Advances Duties

A SHARP contrast to the French method, and indicative of a different policy of tariff adjustment, is afforded by the action of Italy. Aside from a few minor changes in the way of additional protection to manufacturers of motor vehicles, the important post-war change in the Italian situation has consisted of the enactment of a thoroughly revised customs tariff in the middle of 1921.

This effected a considerable advance in duties over practically the whole schedule of imported products into Italy, excepting only those rates which, because of existing treaties, could not now be changed. The new Italian tariff was frankly an upward revision, intended both to yield increased revenue to the government, and to afford increased protection to domestic industries during the difficult period of post-war reconstruction and adjustment.

It has also been alleged, with some show of persuasiveness, that the scaling up of all import duties indicated a desire, if not to retaliate against, at least to counteract, the advances in the import duties put into effect by a number of countries following the war, which hurt the sale of Italian products in their markets.

Britain Safeguards Industries

IN THE United Kingdom, the immediate motive for revision was the recognition of the close relation between industrial and military preparedness, and a desire to avoid the possible recurrence of the war-time situation when the British found themselves unable to obtain sufficient supplies of such essential commodities as dyestuffs, optical and chemical glass, scientific instruments, hosiery needles, metallic tungsten and certain ferro-alloys, most of which had for years been obtained largely from Germany.

After much debate, the British Parliament adopted, in October, 1921, the "Safeguarding of Industries Act," which imposed an import duty of 33 1-3 per cent upon the admission of foreign-made products competing with so-called "key" industries (listed above), and carried provision for this dutiable list to be extended, as proven necessary, to prevent the "dumping" of other products of countries with depreciated currencies, to the detriment of British industries.

Incidentally, it is interesting to note, after

a year's operation of the Safeguarding of Industries Act, the growing feeling that the measure had swung too far away from her traditional free-trade moorings.

Recent reports of the state of British sentiment with regard to protectionism would seem to suggest that the old advocates of "tariff reform"—which in England means reform in the direction of protection and away from the long-standing free-trade policy—had taken advantage of the national recognition of the need for England's being self-dependent in certain essential products, to carry the reforms somewhat further than the calm judgment of British opinion now considers desirable.

Nationalism Shown In Policies

IN THE case of some of the newer countries, such as the Czechoslovakia, a strong movement for economic self-sufficiency appears to have arisen as the corollary to the newly liberated assertive spirit of political nationalism.

However just the tardy recognition of the right of the newly created nations to political independence, the economic interdependence that had grown up during the long years of the Austro-Hungarian Empire obviously could not be gainsaid or immediately removed, simply by the partition of the empire into a number of separate political entities. Yet the early policies of a number of the Austrian Succession states, in setting up trade barriers against each other, indicated a desire as quickly as possible to do away with all economic, as well as political, ties which formerly bound them together.

As against the former situation, when the great bulk of the products of each of the state of the Austro-Hungarian Empire found their markets in the neighboring states of the empire—and with the same ease with which Massachusetts exchanges products with Georgia, and Ohio with California—serious barriers began to impede this normal movement of goods from passing over the new political frontiers.

Barriers were set up in the form of high customs duties, supplemented often by the even more restrictive method of forbidding the importation or exportation of many classes of goods, except under governmental license for each individual shipment.

Trade Restrictions Relaxed

ALLIED to the upward revision of customs tariff is that second type of measure of foreign trade control, i. e., import and export restrictions. Originally called into being by the war-time necessities of conserving tonnage and devoting national resources to the most essential uses, the policy of maintaining prohibitions, or restrictions through governmental licenses, upon the importation or exportation of broad classes of commodities, has been more or less relaxed in most countries of Western Europe, as war-time conditions have passed.

Such restrictions are still an important feature, however, of the post-war trade regime of the countries of Central and South-eastern Europe. Their reasons for continuing these restrictions on foreign trade are, in most cases, manifest and reasonable. The restriction on imports are aimed to discourage the importation of luxuries or dispensables until the country was sufficiently supplied with necessities; or to keep down the importation of competitive goods which could at all be supplied by domestic industries; and are enforced by the need of keeping the balance of foreign trade more nearly

even, lest the already depreciated currency sinks to still lower levels.

Readjustments Still Unsolved

THE licensing of exports is primarily aimed to restrict the exportation of native foodstuffs or raw materials to those neighboring countries who, because of their generally higher level of prices, or superior strength of currency values, are able to outbid domestic purchasers for commodities particularly needed within the country. Most of the countries of Central and Southeastern Europe are still struggling with the difficult problems of post-war economic readjustments, and the present trade restrictions may be expected to continue so long as the conditions prompting them persist.

Another type of foreign trade restriction is that illustrated by the policy adopted by the United Kingdom, of denying the admission of foreign dyestuffs except under license in each individual case.

Such restrictions partake in their character rather more of the upward tariff changes earlier discussed, being aimed at maintaining or encouraging national self-sufficiency in particular lines.

It is of interest in this connection to note that the licensing of dyestuff imports, which was one of the first restrictive measures adopted by most European countries as a means of developing domestic dye industries and thus render them independent of their former chief source of supply, has been gradually relaxed, the most recent of the European countries to give up the licensing control on dyes being Italy.

Provisions Against "Ausverkauf"

IN A class almost by themselves stand the licensing systems of countries such as Germany and Austria. With a currency depreciating in the international foreign exchange market more rapidly than the rate of advance in internal wages and prices, restrictions upon exportation of domestic products and manufactured articles have been almost inevitable on the part of these countries, in order to prevent what has come to be termed "Ausverkauf"—the buying out of the domestic market by the foreigners with a currency of higher purchasing power, and the denuding of the local shops and home markets to the point of inadequacy to domestic needs.

The German workman, clerk or professional man, for instance, whose advance in wages or salary lagged considerably behind the advance in prices which followed each step in the depreciation of the exchange value of his country's currency, has for some time been finding the mark diminishing in value while in his hands, and unable to secure for him his supplies of household necessities in face of the advance in prices. Can he fairly be blamed for feeling unkindly toward the foreigner, who with his "strong" dollars, francs or lire can outbid him in his own market, and thus both force up prices and make scarce his own country's products?

Multiply this individual resentment by the large numbers in a population so affected, and there is lacking but the official decree or order to crystallize that resentment into an effective national policy of export restriction.

The third and fourth types of measure which have marked current European commercial policy, namely, the legislation against dumping and the widespread movement for the revision of the basic treaties which have for many years governed the trading relations of the European countries, will be discussed in the second article of this series to appear in next month's issue of "The Nation's Business."



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Indeed, we have many reports showing that spare hours spent at home with LaSalle training have resulted in increased earnings which—when

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Such reports are by no means unusual.

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LaSalle has no magic formula—no marvelous cure-all.

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But that, as we see it, is a mighty big, a vitally important task and we feel and realize the full necessity of living up to the tremendous obligation it carries—because it is our job as it is our privilege to serve one of the most sacred things in human life—ambition.

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An Upward Trend of Prices and a Strong Demand for Merchandise Promise to Mark the Oncoming of Spring

By ARCHER WALL DOUGLAS

THE MOST interesting phase of the all-absorbing job of keeping tab on what goes on in this country is sensing the ebb and flow of the tide of public feeling as regards the economic present and future. Just now the general mood is very cheerful save in those sections on the map where the "Poor" coloring indicates that the farmers are still playing a waiting game.

The story of hope and courage is so universal that you know that it rests upon a solid foundation of fact and not anticipation alone. Inevitably

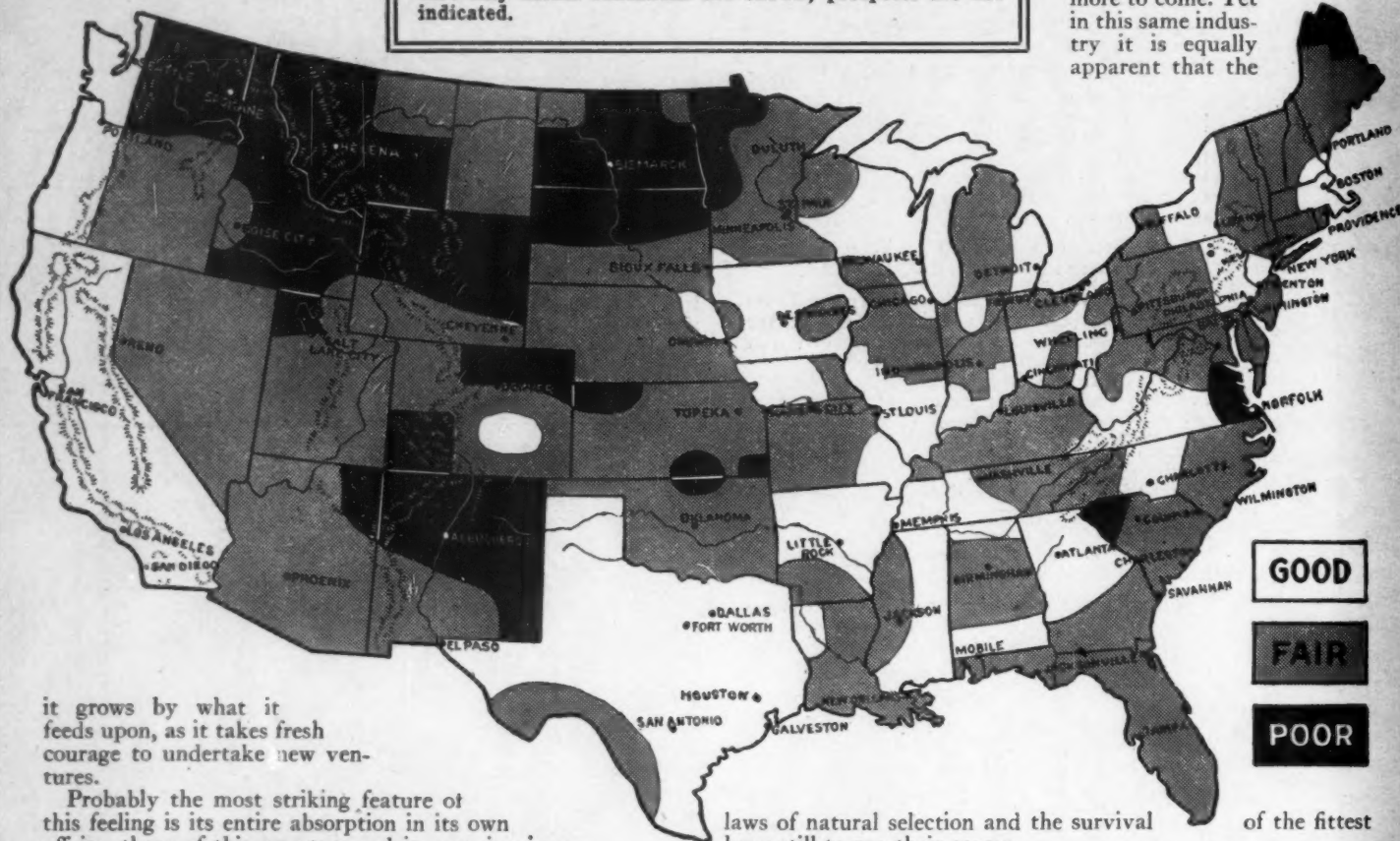
activity during the early spring seems likely to be characterized by insistent demand for goods with temporary scarcity, and rather strong prices on an upward trend for the time being. Forecasts for the remainder of the year based on such passing events are liable to go much astray, when later on the more fundamental underlying facts come once more into play.

One of the best evidences of the increased buying power and inclination of the many is found in the great business done by automobile manufacturers, and the promise of more to come. Yet in this same industry it is equally apparent that the

Business Conditions, February 15, 1923

THE DOUGLAS MAP shows at a glance the general conditions of the country. Light areas indicate good crops, industrial activity, and "high pressure" buying markets. In the black areas these conditions are lacking. The shaded areas are half way.

In studying the map it should always be borne in mind that only actual conditions are shown; prospects are not indicated.



it grows by what it feeds upon, as it takes fresh courage to undertake new ventures.

Probably the most striking feature of this feeling is its entire absorption in its own affairs, those of this country, and its seeming indifference to what is going on across the water. For the great masses in this country are desperately tired and weary of European ways and happenings. So they have concluded, for the time being, to stick to their own knitting, and to solve their own economic problems as the present best way out of an otherwise impossible situation.

That is why the mills in the east are full of business in all lines, are having difficulty at times in getting sufficiency of labor except of that type and calibre that is always hunting for a job, but never holds it. Then, being human, these same mills are now and then putting up their prices, sometimes, because of higher costs of operation; sometimes in anticipation of such happening; sometimes, because the opportunity may not occur again.

Just now there is no serious sign of inflation because of these things, for the suspicion of the consumer has not been lulled, and manufacturers, as a whole are not overbidding their hands, nor taking the chance of being doubled and set.

Despite the activity of manufacturers, stocks of merchandise in the hands of dealers continue broken and depleted. Nor is there much likelihood of this being remedied in the near future even though railroad service shows improvement. Business

laws of natural selection and the survival of the fittest have still to run their course.

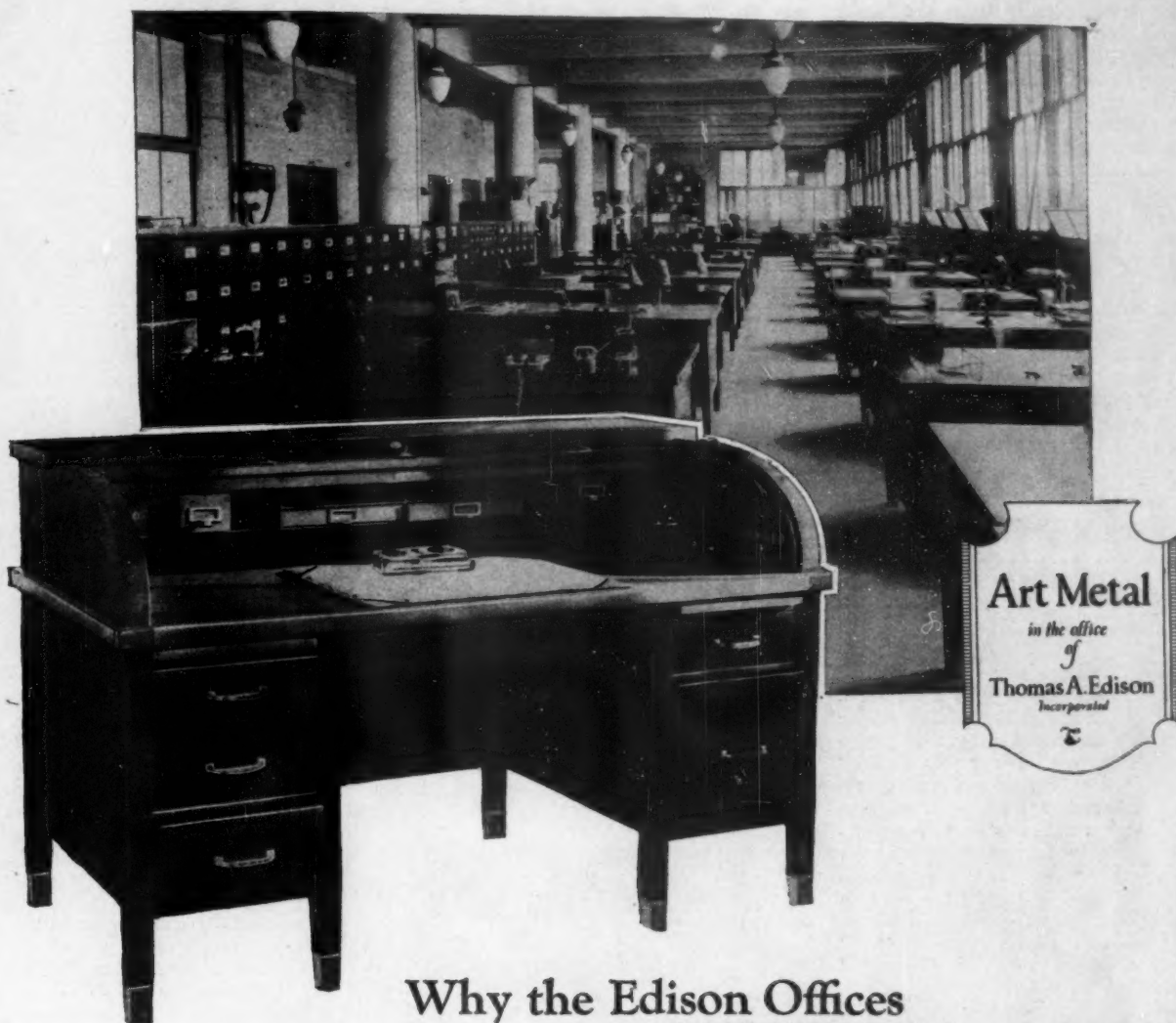
The situation in the south is dominated by the high price of cotton which shows no sign of recession even though Germany and Central Europe are not buying according to their needs, but rather as to their ability. Meanwhile takings by southern mills are running one-third greater than last year, and double those of northern spinners since the first of last August. The matter of principal concern at present is whether the world's supply of cotton will equal the world's needs until another crop is picked.

In cotton fabrics, the most pressing problem is the gathering discontent of the woman shopper at the other end of the line. For she has a memory as long as a winter night for the low prices she once paid for these goods. So far, however, advances have gone better than at one time seemed likely.

Added to the increased purchasing power of cotton planters is the like story of all the products of the south so that the "Good" coloring is steadily extending its area.

Texas in particular has sustained her ancient reputation of promising less and doing more than any of the other forty-seven states. For within the space of seven months she put on a transformation scene from a most unpromising outlook to an abounding business.

(Continued on page 56)



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One thing troubles the south and that is the exodus northward of negro farm laborers at the call of industrial life for cheap labor which it no longer gets from immigration. So far this migration is principally from the South Atlantic states but seems to be spreading westward. The negro tenant is much discouraged by the ravages of the boll weevil, and his apparent inability successfully to combat this destructive insect. Besides, he has been accustomed to raising cotton all his life and it is difficult to teach him to grow anything else. So the promise of higher wages and of a surer reward comes to him at a time when it has a double appeal. This movement has a far-reaching and most serious significance, accentuating, as it will, an apparently insoluble racial problem which will not down.

Mining is going along with the general current. While bituminous coal mines are only running from two to three days a week, they are disbursing much money in wages in the aggregate, and the result is seen in good business in all the mining districts. In such

districts there is also much more confidence in the future because of what now seems to be the certainty of no coal strike this spring.

Increased demand for copper, lead and zinc, are met by rising prices and larger output.

Higher prices for grain are having a pronounced effect upon business in all the country between the Alleghenies and the Missouri River. Moreover at this writing there is a general feeling that prices of corn and wheat will go still higher. The reasons for this feeling do not always bear the test of analysis, especially when they are founded on estimates of what grain exporting countries are doing and can do, and what are the needs and purchasing power of grain importing nations. Such statistics are often mere guesses, or else elaborate fiction.

Be that as it may, the agricultural world in the central west and west is correspondingly cheerful about both the present and the immediate future, though they have no illusions as to existing conditions being in any way a permanent settlement of the fundamental

problems which confront them. There are certainly more hogs in the country than there were twelve months ago and prices for them are fairly well maintained. This calls for large supplies of corn, which, consequently, ranges higher in price despite the great amount of it in the country. Livestock throughout the country are in generally good condition despite deep snows and extensive storms.

The increase in dairy cows goes on steadily, thus adding to the buying power of the farmer. In the west and southwest the outlook is for a large crop of spring lambs, and they bring good prices.

So in general, the tide runs to better times in the near future, even though it may be only a moderate movement in that country between the Missouri River and the Rockies where things are not so well, and where the feeling is one of patient waiting and courage rather than of immediate hopefulness. Over the Sierras and the Cascades it is still the same story of "Good" conditions at full tide along the entire Pacific Slope.

Human Nature in Business

By FRED C. KELLY

IT IS ALWAYS difficult to see that which is obvious. For years it was a nuisance to buy milk from the milkman because he drove up to one's door and rang a bell and then the housewife, with her hands full of dough, was obliged to throw a shawl or an apron over her head and go out with a picher to collect her family's lacteal rations for the day. Any milkman with enough thinking process to realize that this was a nuisance to the housewife could have made a fortune. Why not put the milk in clean, sterilized bottles and carry it in to her? Finally, William I. Telling, a Cleveland milkman, did think of this. My impression is that he was the first one in the United States to deliver milk to the kitchen door. At any rate he was certainly the first in his own locality. He soon sold more milk than anybody else in town and in due course was at the head of a corporation that sold more milk than any other concern in the middle west.

THIS same milkman noticed that ice-cream was a palatable dish and that people liked it; also that the only place to get it was in an occasional forlorn-looking little "ice-cream parlor" on a side street. Few drug stores served it. This seems almost incredible now, but I can remember when a dish of ice-cream was difficult to find—and I'm not gray bearded, either! Telling, the milkman, determined to encourage the sale of ice-cream in candy shops, drug stores and all sorts of convenient places. The milkman who thought to initiate this became a big figure in the ice-cream industry and made a fortune at that as well as in the sale of plain old-fashioned cow milk.

PLENTY of such opportunities to make an everyday article more popular still lurk about us. Consider fish markets. How many clean, attractive ones have you ever seen? Anybody might gain great riches if he cared to operate a chain of fish markets, each one immaculate, with the fish invitingly displayed in glass cases—and there should be well-designed leak-proof, odor-proof cartons for carrying one's fish home. Far more fish

might be eaten if only the average fish market were not so smelly and forbidding.

ONE of the research men at Columbia University has just been tracing out the relations between various social conditions and the business situation. He finds



that business has much to do with religion. Great revivals, as well as great waves of interest in religion or in trying to talk with the spirit world, have always come in periods of business depression. When the affairs of this world look unpromising we turn, it appears, to hope for better business or better things in the next world. Moreover, men are like children. When everything goes wrong, they want to run home to mother, or to God, and find consolation.

NEXT to motion pictures, the stupidest thing I know of is the average business letter with its standardized jargon of silly phrases. "In reply to same"—why not in reply to it, or better still, why not just "in reply"? The unimaginative person who writes such letters is like the man who lets

the clerk sell him a brown derby hat. He can't tell you any sensible reason more than that "others are doing it."

Dr. Frank W. Dignan, of LaSalle Extension University, explains in the Cleveland Trust Company's monthly how these absurdities in business letters started in England in an effort to show class superiority. "When a tradesman opened a shop in London in the sixteenth century the most important thing for him to do was to get the patronage of My Lord somebody or other and then paint on his shop window the words "Shoemaker to My Lord, the Earl of Wessex."

The next thing to do was to write his business letters in a style that he imagined was appropriate to his exalted position as shoemaker to an earl. He had no way of knowing how the earl wrote letters, but he made a curious style out of phrases copied from the speeches in parliament, legal documents, and the cheap society novels of the day. For instance, he never said, "Your letter came this morning," but "Your esteemed favor of even date to hand."

DIGNAN offers the following contrast between natural talk language and business language:

Conversation

"Going to the game today, eh? Got tickets?"

"No."

"Jones going?"

"No."

Translation

"I was pleased to learn, in conversation with you yesterday, that you are contemplating attending the ball game this P. M. Beg to inquire whether you have purchased tickets for same."

"Your favor of the eighth to hand and contents noted. Beg to advise that I have not, as yet, obtained tickets, but hope to secure same immediately. Thanking you for the friendly interest manifested in your inquiry, I beg to remain."

"Beg to inquire whether Jones, of Jones, Larkin & Company, will accompany you."

"Replying to your favor of the eighth,

would say Jones, of Jones, Larkin & Company, is otherwise engaged. Trusting that this answers your inquiry satisfactorily, and thanking you for your past courtesies, beg to remain."

ONE of the big factors in the tremendous growth of great mail-order enterprises has been the policy of assuming always that the customer is right—even when it is quite obvious that the customer is wrong.

Sears-Roebuck sold to a man in Minnesota a hay-baling machine. Several months after the sale—after the close of the hay-baling season—the man wrote that the baler was unsatisfactory; that he wished to send it back and have his money returned. The company did not believe that there could have been anything wrong with the machine and they sent a man to investigate. This required a week or two, and cost more than the price of the machine, but it disclosed some interesting facts. The customer had not only used the machine all season but had rented it out to other farmers for miles around; and it had been thoroughly satisfactory.

The company sent him all these facts. They told him just where the machine had been rented, how much hay it had baled at each place, and so on.

"But," the letter added, "while you have proved yourself dishonest, and we are satisfied that our machine was even better than represented, we sell goods with a guaranty that if for any reason a customer is not satisfied with his purchase, we will not only refund his money but pay the transportation charges both ways. We stand ready to do that in your case, even though we know, and you know, that your claim is dishonest."

That story got spread around, by word of mouth, all over the northwest. It created more good-will than the company could have bought at ten times the cost of the machine.

ONE of the interesting developments of modern business is the difference in the attitude toward beauty in women employees, as compared with a score of years ago. The old theory was that only a homely woman was efficient. If she paid much heed to her dress, complexion, or coiffure, the assumption was that she did not have her mind on her work. Today almost the opposite belief prevails. If a girl lacks the enterprise to make her face reasonably attractive, she may have a slovenly streak that will show in her daily tasks, and furthermore, there is the effect she has on others. If workmen are more happy and therefore more efficient when looking at a flower garden than at an alley full of tin cans, why is it not equally desirable to have well-groomed women about, rather than the dreary, slattern type that used to be seen in offices?

I cannot think off-hand of a large intelligently conducted business concern whose reception room is in charge of an unattractive woman. The modern idea is that a customer received by a well-groomed, young woman is more likely to return—just as he gets a favorable impression from a good color scheme in the reception room. Saleswomen in department stores, too, seem to be more agreeable to look upon than ever before.

In other words, good looks may be capitalized not only on the stage but in counting rooms and stores. No longer is a woman penalized for being so well groomed and attractive that she is agreeable and soothing to the eyes.

"Don't Write— Telegraph!"

WESTERN UNION might have been following its own up-to-date advice, "DON'T WRITE—TELEGRAPH!," so quickly were its recent arrangements made with Stone & Webster to undertake important construction work in four states.

Philadelphia, Harrisburg, Albany, Chattanooga and Punta Rassa Florida, are the locations of these several projects for Western Union.

Whatever you make or do, your construction problem will be simplified if you will follow Western Union's example and consult Stone & Webster.

STONE & WEBSTER

INCORPORATED



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CHICAGO, 38 S. Dearborn Street
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NEW YORK, 120 Broadway
PITTSBURGH, Union Arcade
PHILADELPHIA, Real Estate Trust Bldg.

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PATENTED AND TRADE MARK REGISTERED

for Better Illumination



Type WF

Made of heavy-gauge brass with handsomely decorated 1-piece ceiling band finished in old gold. White porcelain enameled reflector with ornamental border in old ivory. Standard Brascolite bowl of high efficiency white glass. 200-watt size will illuminate an area 15 feet square. Operates with standard lamp, bulb obtainable anywhere. Price \$30.00.

In Ten Years—from an Idea to the Largest-Selling Lighting Fixture in the World

In its ten years of manufacture Brascolite, through its scientific principle of *diffusion* plus *reflection* at the source of light, has achieved world-wide recognition as the ideal light for eye health and comfort. It is today sold throughout America and in 37 foreign countries, and has the largest sale of any lighting fixture made. There are standard Brascolite designs for every purpose—made in styles and sizes to meet practically any architectural requirements. We are prepared to design and make any special style or character of lighting fixture that may be desired and for that purpose our Engineering and Designing Departments are at your service—anywhere, at any time—without obligation.

Write Dept. NB for illustrated, descriptive literature.

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Division of the St. Louis Brass Manufacturing Co.

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New Orleans New York Omaha Philadelphia Seattle
Canadian Distributor: Northern Electric Co., Ltd., Montreal

Blotters Now Available: "We are advertised by our loving friends" is a line well used by a constant advertiser. Well, so are we!

A number of our subscribers have asked for some kind of insert describing this magazine, which could be enclosed with certain of their letters. We have been supplying them with attractive blotters.

If you would like some for a similar use, drop us a line, and you'll get them promptly.

The NATION'S BUSINESS
Washington, D. C.

Where the Government Gets Yours from Tobacco

TAXES are always with us and always of interest. Last month's article on insurance and taxes moved G. W. King, secretary of Sparrow and Gravelly Tobacco Company at Martinsville, Va., to write us a letter:

I have just read with a great deal of interest the article in your February number by William Pickett Helm entitled "The Hidden Tax in Your Premium." And thinking it over in the light of our own business, the manufacture of tobacco, I have come to the conclusion that what the states do to the insurance companies and policyholders is not a drop in the bucket to what the United States Government does to the tobacco manufacturers and tobacco consumers of this country.

The stamp tax on manufactured tobacco, both plug and smoking, is 18c per pound, and on cigarettes from \$3.50 per thousand on the ordinary cigarette on up, depending on the size of the cigarette. The tax on cigars is on a sliding scale, depending on the retail price at which the cigars are to be sold.

This tax is paid by the manufacturer in advance before the goods can leave his factory and is added into the price he received for the goods.

The Test of Substitution

I QUOTE a part of Mr. Helm's article substituting "Tobacco Consumers" for "Policyholders" and "tobacco business" for "insurance business":

The money is collected by special taxation—taxation of the tobacco consumers which has nothing to do with the other kinds of taxation paid by the tobacco business in common with all other forms of business. If the business man in other lines of endeavor paid the same taxes, there would be nothing unusual about the case whatever. But he doesn't; they apply only to the tobacco consumers of the United States and in that respect they are unusual and inequitable. In the aggregate, they form a heavy burden of invisible taxation—invisible because they are collected indirectly and are not seen by the man who pay them.

The tobacco consumer, of course, pays the tax. It is all figured in the (price of the goods) (premium). Were it less, obviously, the price he pays would buy more tobacco; or for the same tobacco, the price would be less.

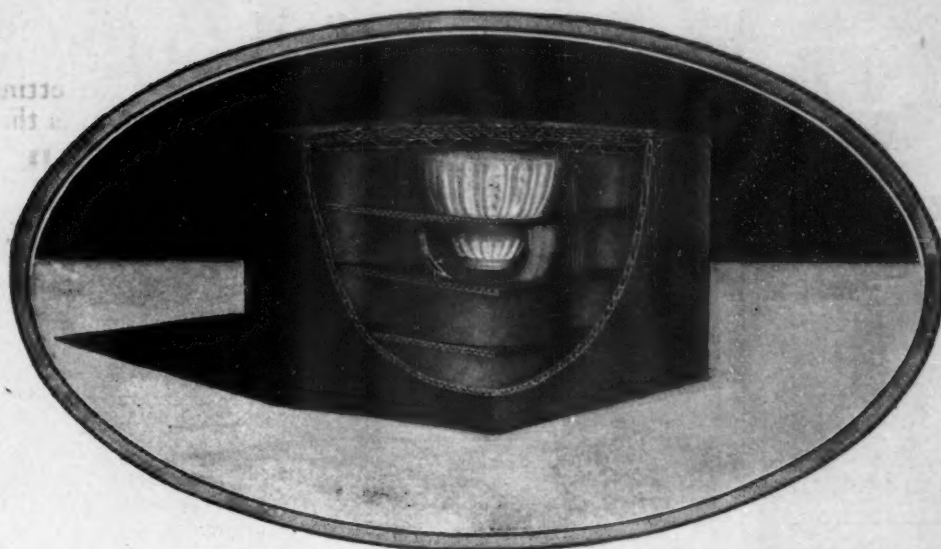
I cannot believe that the tobacco-consuming public amounts to more than 30 per cent of the total population of this country. The total number of policyholders of all kinds of insurance probably amounts to at least 30 per cent of the population. Mr. Helm probably has the exact figures. But indirectly the insurance business benefits almost our total population who indirectly pay the premiums. Do not all renters and boarders help pay the insurance on the building in which they are domiciled?

From Mr. Helm's article we learn that at least a small portion of the tax on insurance is spent by the states in maintaining insurance departments for the protection of those who ultimately pay the tax. But the United States taxes the tobacco consumer for revenue only and spends no part of the tax collected for the benefit of the class taxed, as a class.

Why not a special and heavy tax on candy, cut flowers, soft drinks, chewing gum and all the other semi-luxuries we all enjoy and which we have come to look upon practically as necessities? Why discriminate?

I cannot stop without telling you how much I enjoy reading THE NATION'S BUSINESS. Every article and story is timely, interesting, and has a vital message to every business man.

We passed the last paragraph with an editorial blush.



Here is a partial list of products being shipped in standard or specially designed H & D Boxes.

Artists' supplies
Auto accessories
Books
Bread
Building hardware
Cameras and supplies
Candy
Canned goods
Chemicals
Chinaware
Cleaners
Clothing
Coffee
Cutlery
Dry goods
Drugs
Electrical goods
Fixtures
Food products
Games
Glassware
Gloves
Hardware
Hats
Hosiery
Inks
Jewelry
Knit goods
Lamps
Machine parts
Medicines
Millinery
Musical instruments
Musicians' supplies
Office supplies
Optical goods
Piano stools
Pictures
Plumbing supplies
Polishes
Printers' supplies
Printed matter
Radio sets and parts
Rubber goods
Shoes
Signs
Spices
Sporting goods
Stationers' supplies
Surgical instruments
Tea
Textiles
Toilet articles
Toilet preparations
Tools
Toys
Tobacco and smokers' supplies
Umbrellas
Vacuum cleaners

H & D Boxes Reduce Transit Losses, Cut Packing Costs and Boost Sales

DO any of your products present unusual packing problems because of odd shape, extreme fragility or bulkiness?

The packing of the lamp shades shown above is typical of the way H & D solves such problems. This box—designed in the H & D Package Planning Department and supplied from one of H & D's ten big mills—is a great improvement over the former container. It immediately brought down the transit and damage losses for this shipper—and it helped to individualize his product in a way that won *marked dealer preference*.

You, too, can better the packing of your goods—at a saving—just as this manufacturer has done.

Whether your products require specially designed containers, or just simple, sturdy boxes of standard design, The Hinde & Dauch Paper Company is equipped to serve you promptly and fully.

H & D Boxes are unequalled in the protection they afford their contents and in their convenience and many economies. Their cost is low; they require small storage space; they save shipping costs; they are instantly assembled; and it takes but a moment to seal your goods within their clean, smooth walls. Use the coupon or write—for the story of H & D Boxes and details of our free box designing service to shippers.

The Hinde & Dauch Paper Co.

304 Water Street

Sandusky, Ohio

Canadian Address: Toronto, King Street Subway and Hanna Avenue

The Hinde & Dauch Paper Co.
304 Water St., Sandusky, O.
Send us your box catalog and
details of free box design service.
We ship (name products).....

Name.....
Firm name.....
Address.....

DeVry

MOVING PICTURES

The DeVry is the sturdy little projector used by all big business houses and Governmental Departments to project motion pictures of theater size and quality from any electric light socket. It weighs but 23 pounds and is built to give permanent satisfaction.

For Business

In Business the DeVry will sell, advertise, entertain employees, assist in welfare work and render a hundred and one services for you just as it is rendering service for such representative concerns as Ford Motor Company, Cleveland Twist Drill Company, International Correspondence Schools, and a host of others.

Write for

"Motion Pictures in Business"

To show you how the DeVry will serve you we have prepared a booklet, "Motion Pictures in Business." A copy will be mailed you upon request without any obligation. The Coupon below is for your convenience.

The DeVry Corporation

1253 MARIANNA STREET
CHICAGO, ILLINOIS



The DeVry Corporation,
1253 Marianna Street,
Chicago, Illinois.

Please send me a copy of your booklet "Motion Pictures in Business" without obligation on my part.

Name

Concern

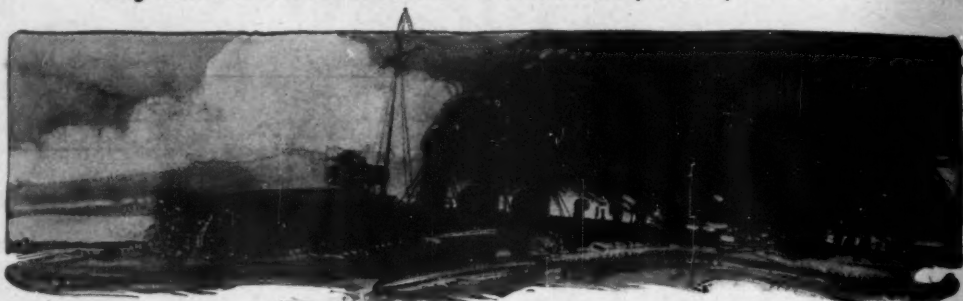
Address

City..... State.....

How to Sell to the Navy

There is no mystery about getting in touch with this \$63,000,000 customer; here are the things that the manufacturer should know

By COMMANDER E. D. STANLEY, S. C., U. S. N.



EVERY active business man when he hears that there is a \$63,000,000 customer in the market is likely to prick up his ears. When he hears that the \$63,000,000 is spent almost entirely through a central purchasing office his interest is likely to increase, but when he learns that the purchaser is the United States Navy he may, if he does not know how, when, and where to sell to this extraordinary purchaser, think that there is some mystery attached to the procedure or that some special "pull" is required.

There is no mystery, and no "pull" is required. The years 1919 and 1920 really were subnormal, in view of the fact that the Navy was still using material purchased during the War, yet in 1920 the purchases amounted to \$63,000,000. Let the alert canner ponder the fact that the Navy spent more than \$1,000,000 that year on tinned peas, pears, and tomatoes. Let the live shoe manufacturer reflect on the fact that the Navy spent \$579,490 for shoes. It spent more than \$1,000,000 for plate steel; more than \$500,000 for evaporated milk; more than \$25,000 for linseed oil. These are but a few among the 60,000 items our sea forces require.

Practically every human demand which would arise from a city in which there were 150,000 purchasing units (heads of families, say) must be supplied for the Navy. It must be fed and clothed; it must be housed, ashore and afloat; it must be cleaned, doctored, transported, paid, and even, in these days, amused.

In addition to the human demand, there are the technical professional requirements—ships, guns, ammunition, machinery, instruments, and so on. And still further, there are requirements arising from ten large and many smaller ship building, repair, and manufacturing establishments.

But there are certain handicaps about "selling" the Navy which are exaggerated in the minds of some business men. It is my purpose in this article to tell how, and when, and where the wants of this big customer—which offers sure pay and buys the bulk of its commodities at the proper season for both the buyer and the customer—may be satisfied, and to disabuse the mind of the manufacturer of any doubt he may have.

The Navy requires that bidders must be regular dealers, not contingent fee agents, not speculators in the commodities under consideration.

The wisdom and necessity of publicity is apparent. It puts an end to opportunities for collusion, shows the unsuccessful bidder why he is unsuccessful, and is in line with the trend of modern business, which seeks to take the public into its confidence.

If a regular dealer decides at the last minute to submit a bid for Navy supplies, he should send along with it some evidence as to the nature of his regular business and as to his responsibility. The better way is to make application to be placed upon the Navy Department's mailing list. The applicant will then receive a short form to fill out; and if, after investigation, he is placed upon the mailing list, he receives a detailed list of commodities upon which to check the items he is prepared to bid on.

This is in mimeographed or printed form and three copies are sent to every prospective bidder. Precautions are taken to prevent advance information from reaching any dealer. Each schedule has its serial number and shows the date and hour of opening and the name of the technical bureau connected with the material. This simplifies the making of awards and increases the attraction of the business to bidders.

With each schedule is sent two copies of Form A, which functions as a transmitting letter, guarantee, instruction sheet and cover. Form A and the schedule, when filled out, constitute the formal proposal. The guarantees required are that the bidder will execute the contract and give bond for faithful performance if his offer is accepted. A bonding company, or two responsible parties, must make this guarantee, or it must be in the form of a certified check for 25 per cent of the total bill.

Details of Where and How

IN general, the Navy adheres to the central purchasing department principle, but there are several exceptions. The Bureau of Supplies and Accounts (of which the Paymaster General of the Navy is chief) is the central purchasing department and has supervision except in the following cases:

The Bureau of Yards and Docks prepares schedules, opens bids and makes contracts for public works.

The Bureau of Ordnance takes all steps in the purchase of arms, ammunition and gun forgings for the Navy (although when the Navy purchases armor for the Army it is done by Supplies and Accounts).

The Solicitor for the Navy Department purchases and charters vessels. He also prepares contracts for certain equipment in which the labor of installation is involved, although in these cases S and A schedules and opens the bids.

The Marine Corps performs all its own purchase functions.

Local purchases are made by purchasing officers, under the direction of the Bureau of Supplies and Accounts, wherever supply of-

ficers may be located, afloat or ashore, but principally at the following places:

NAVY YARD: Portsmouth, N. H.; Boston, Mass.; New York, N. Y.; Philadelphia, Pa.; Norfolk, Va.; Washington, D. C.; Charleston, S. C.; Puget Sound, Wash.

NAVAL STATION: Key West, Fla.; New Orleans, La.; Cavite, P. I.

NAVAL SUPPLY STATION, Hampton Roads, Va.

NAVAL SUPPLY DEPOT, South Brooklyn, N. Y.

NAVAL TRAINING STATION, Great Lakes, Ill.

NAVAL AIR STATION, Pensacola, Fla.

NAVAL DISBURSING OFFICE, Baltimore, Md.

NAVY PURCHASING OFFICE, San Francisco, Cal.

NAVY PURCHASING OFFICE, New York, N. Y.

Practically all the items of supplies and equipments in common use by the Navy are listed in a standard stock catalog which is not available for public distribution. All items appearing in this catalog have a standard nomenclature and a standard stock number for use within the service. The standard nomenclature is based on the plan of arranging the descriptive words in order of importance. Thus white cotton canvas is known as "Canvas, cotton, white," followed by number and grade.

Most Navy supplies are purchased on the basis of standard specifications which describe in detail the quality, grade, size, etc., of the articles desired.

Specifications Are Furnished

THESE standard specifications are in leaflet form and available for distribution, but old copies should not be relied upon unless the number and date correspond exactly with that noted in the purchase schedule under consideration. In cases where there is no standard specification, the required particulars are set forth in the schedule.

In addition to the leaflet specification there are the following pamphlets which are often referred to and made a part of schedules and contracts:

General Specifications for Inspection of Material.

General Specifications and Instructions governing submission of proposals for furnishing machine and wood working tools.

General Specifications and Instructions governing submission of proposals for furnishing machine tools.

General Specifications and Conditions of Delivery applying to provision contracts.

General Information regarding Inspection at place of manufacture of material.

All bidders and contractors should be conversant with these pamphlets which may be had on application to Bureau of Supplies and Accounts. All specifications are prepared by the technical bureaus concerned, who are charged with the responsibility of inspection.

Proposals having been submitted, they are all opened concurrently and publicly in the Bureau of Supplies and Accounts. They are recorded in books which are open to inspection. (R. S. 3722.) Schedules of bids received are not furnished, but information as to the successful bidder and the amount of his bid is furnished on request. In this connection the following statement expresses the Navy's policy:

With regard to the matter of publicity; we have been hammering for a long time on that point—that the Government business not only has to be right but has to look right. That is one reason we have been trying to get the idea of publicity developed in every possible way. We want everybody to see what is being done. If the Navy assumes the attitude of trying to cover up something, there is suspicion excited that it is anxious to cover up something crooked; whereas, if it aims to show everything that is done in a matter—no secrets—the record is right on the table; it disarms criticism right away and people

CENTRAL COAL AND COKE COMPANY

Announcement

We have prepared a General Survey of conditions affecting the Lumber Industry in production, demand distribution and export during the coming year.

This Survey is full of valuable information and fact of unusual interest to all concerned in the sale and use of lumber.

Sent gratis to executives only.

CENTRAL COAL & COKE CO.

Address GS-27

Kansas City, Mo.

Manufacturers

Southern Pine

"LONG AND SHORT LEAF"

TRADE

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General Offices
Kansas City, Mo.

Mills
CARSON, LA.
NEAME, LA.
CONROE, TEXAS



Branch Sales
Offices
ST. LOUIS, MO.
CHICAGO, ILL.
INDIANAPOLIS, IND.
HOUSTON, TEXAS
DALLAS, TEXAS

DAHLSTROM



Borden Building
New York City
Buchman & Kahn
Architects

A TRULY FIRESAFE BUILDING

There have been so many examples within the past year of so-called fireproof buildings which have burned, that more people are beginning to realize that a building with fireproof walls, floors and ceilings does not necessarily mean a fireproof building. If, however, that building is backed with Hollow Metal Doors and Trim there is not much danger of loss from fire.

There is no material used in a Dahlstrom Door which will give it a chance to burn and it would require heat enough to melt the metal to permit a fire to pass.

DAHLSTROM METALLIC DOOR CO.
487 Buffalo Street Jamestown, N. Y.

NEW YORK
25 Broadway

DETROIT
1331 Dime Bank Building

CHICAGO
19 So. LaSalle St.

Representatives in All Principal Cities

If you sell to men with *better than average* incomes

ACCORDING to the most recent Government Tax reports corporation officials were paid annual salaries totaling \$709,000,000. A remarkably high average personal income is indicated for a comparatively small group of men.

If you are marketing a product appealing to men with *better than average income*, and with generous requirements, The NATION'S BUSINESS reaches such men, who are the successful business leaders in every community in the country.

Spread your sales announcements before *them* in these pages with directness, with authority, and with economy.

We shall be glad to send you, or your advertising agents, the complete details on request.

The NATION'S BUSINESS
Washington, D. C.

are willing to take us at face value because we are following what they know is our honest opinion.

Telegraphic bids are not considered, but telegraphic modifications or withdrawals are accepted if received prior to the hour of opening. A bid received after the hour of opening is not considered except in certain unusual circumstances, where there is no fault on the part of the bidder and where no unfair advantage has accrued to him by reason of the delay.

The formal contract applies where the amount involved is more than \$500. A bond for faithful performance is required when contract is more than \$500, but less than \$50,000 covering 25 per cent of the amount; from that point up to \$100,000, 20 per cent of the amount; from that point to \$200,000, 15 per cent of the amount, but not more than \$20,000, and for any contract over \$200,000, 10 per cent of the amount of the contract.

A purchase amounting to less than \$500 may be made without formal contract or bond and is called a Bureau Order or a Yard Order, as the case may be. No Navy contract may be transferred or assigned without the assent of the Government. Awards are made to the lowest bidder except in a few cases of statutory exception, such as are due to public exigency, patented, or copyrighted articles, and so on. The awards are made as soon as a decision is reached—at once if no technical consideration is involved. In important cases the successful bidder is notified by telegraph; in others formal award is sent.

It is required that material shall be inspected and passed as to quality and quantity by a responsible official before it is accepted for the Navy. When a contract calls for delivery at a point other than the contractor's plant, the onus of shipment lies with the contractor in regular commercial routine.

Material Inspected Before Acceptance

WHEN the Navy is liable for the freight, it supplies the contractor with government bills of lading, which when accepted become freight vouchers in favor of the carriers. The matter of shipment is not as simple as it appears and requires special attention from a new contractor to avoid difficulties.

When the successful bidder has delivered his goods and they have passed inspection, he feels a natural and proper interest in prompt payment. It is safe to say that in ninety-nine cases out of a hundred any delay is due, not to the disbursing officer but to some oversight on the contractor's part. He is advised in advance where to submit his invoices, which must, of course, obtain all necessary data for identification. The Navy demands nothing peculiar in the form of invoices except the general governmental requirement that it be certified as "correct and just, payment not received." The latter phrase means not heretofore received. A voucher called a public bill is prepared, substantiated by the inspection call, and bearing evidence of the actual receipt of the goods. This is passed to the proper disbursing officer who issues a check for the amount due. No case is known of a bank failing to honor one of these checks.

So that there is nothing mysterious or intricate about the processes herein sketched as briefly as may be. What red tape there is, honesty and thoroughness require. Any business official can master the details of procedure in an hour, whereas the same man can and does spend many an hour waiting in an anteroom to get the ear of some purchasing agent having much smaller buying power than the United States Navy.

**Cincinnati Division**

The Cincinnati Division serves Southern Ohio, Northeastern Kentucky and South-eastern Indiana.

Detroit Division

The Detroit Division serves Michigan, Northern Ohio and points in Northern Indiana.

No Damage Claims

THE Pioneer (wirebound) Box shown is the type of box used for shipping McQuay-Norris piston rings - pistons - pins.

The enviable reputation enjoyed by this company can be attributed only

to the characteristic care which is inherent in all their operations.

Intelligent investigation caused them to try-out Pioneer Boxes. After three years' continuous use they have found out that Pioneers—

**Eliminate Damage Claims
Prevent Theft in Transit
Insure Minimum Shipping Weight
Are Re-used by their Jobbers
Provide a worthwhile advertising medium.**

The experience of McQuay-Norris is illustrative of the economies and advantages gained by those shippers who have adopted modern packing and shipping methods.

The Pioneer (wirebound) Box or crate can be made in many shapes and sizes. For numerous products it is the most practical shipping case.

However, we manufacture all types of wooden containers. Our interest is centered in rendering a broad, constructive boxing and crating service. A competent staff of box engineers, experienced in pack-

ing and shipping almost every kind of product, is maintained for the purpose of providing customers with the best and most practical kind of container.

Without cost or obligation this service is extended to all shippers East of the Rocky Mountains. Simply write us. Seventeen factories enable us to make prompt shipment.

We will be glad to send you G. B. C. Service—
a bulletin of information on better boxing and crating. It will interest you.

GENERAL BOX COMPANY

504 NORTH DEARBORN ST. - CHICAGO

FACTORIES AT

Bogalusa, La.
Brewton, Ala.
Brooklyn, N. Y.
Cincinnati, Ohio

Crawfordsville, Ind.
Detroit, Mich.
East St. Louis, Ill.
Hattiesburg, Miss.



Houston, Tex.
Illmo, Mo.
Kansas City, Mo.
Louisville, Ky.

Nashville, Tenn.
New Orleans, La.
Pearl River, La.
Sheboygan, Wis.
Winchendon, Mass.

Large Life Insurance Payments

DURING the year 1922, 28 policyholders of the John Hancock Mutual died having total insurance in this and other companies in excess of \$50,000. The insurance on each of these lives ranges from \$50,000 up to \$1,585,000, and the lines written by the John Hancock range from \$2,000 to \$150,000. The total amount of insurance paid by the John Hancock on these lives was \$737,277; the total in all companies amounting to \$6,186,277. A pretty good indication of the value that men of means place upon life insurance.

Even though a man's property be large, his investments carefully conserved and his business on an apparently sound basis, yet there is but one thing on which he can bank as being as certain as "death and taxation" and that is life insurance.

It is an anchor to windward for the rich as well as the poor. The fact that rich men, with all their property and all their seeming good fortune, still feel impelled to insure their lives is an example to those who are less well favored with this world's goods.



61 Years in Business
Largest Fiduciary Institution in New England

IN the last month 258 NATION'S BUSINESS readers have brought the magazine to the attention of business friends who in turn subscribed. Have you thought of suggesting to one of your business friends that he subscribe?

Government Aids to Business

THE Department of Commerce has attacked the problem of obtaining better methods in packing for export by conducting investigations in cities with a large export trade. Mr. J. F. Keeley, of the Department's Transportation Division, has been assigned to the supervision of the investigations, which include calls on manufacturers of agricultural implements, automobiles and accessories, chemicals, electrical goods, iron and steel articles, machinery, paper and specialties. Studies will be made of box and crate construction, nailing, the use of box strapping, and use of anti-pilferage devices, and interior packing.

The results of these studies will be compared with scientific data compiled by the Forest Products Laboratory, the American Society for Testing Materials, the Bureau of Standards and similar organizations throughout the country. The accepted practices, as disclosed by the survey, will be made available to exporters through handbooks covering the principal commodities. Mr. Keeley's itinerary for March includes: Detroit, March 3-8; Niagara Falls, 10-12; Schenectady, 13-15; New York, 16-21; Trenton, 22-24; Philadelphia, 24-29. He plans to return to Washington on March 30. Conferences in any of the cities listed may be arranged with Mr. Keeley by communicating with the district or cooperative offices of the Bureau of Foreign and Domestic Commerce in the cities to be visited.

Building Committee Report

THE first report of the building committee named by Secretary Hoover is now available in printed form and may be had for 15 cents on application to the Superintendent of Documents, Government Printing Office. The report presents recommendations for the construction of one-family and two-family dwellings having exterior walls of solid or hollow masonry, concrete, and frame. The frame classification also includes dwellings with veneer or stucco surfaces. An appendix is provided with explanatory sections and information for builders, with particular reference to the merits of 8-inch and 12-inch masonry walls, use of lumber, stucco construction, plaster, and similar subjects. Detailed recommendations are made for fire-stopping and chimney construction, also for the treatment of built-in garages. The report contains 100 pages, including 30 illustrations.

Handbook of Australia

A COMMERCIAL and industrial handbook of Australia has been made available to business men by the Bureau of Foreign and Domestic Commerce. The book embodies a report made to the bureau by Augustin W. Ferrin, formerly trade commissioner to Australia. He spent three years in making a first-hand study of conditions and has presented the results of his survey with the business man's interest in mind. Economic, historical, political, and social phases of Australian life receive consideration commensurate with their importance.

Mr. Ferrin has tried to present Australia's present and potential importance as a market for American goods, and as a source of raw materials. Although the report carries many statistical arrangements, the statistical

service is largely left to Australian government publications. The book contains 158 pages of text with 26 illustrations, a bibliography, and a comprehensive fold-in map. Copies of this handbook may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C.

Process for Reclaiming Crank-case Oil

A PROCESS for reclaiming used lubricating oil has been devised by the Bureau of Standards, Department of Commerce. The Bureau's investigation disclosed that, judging by all the commonly accepted standards, the reclaimed oil is as good as the unused oil. Under test, changes were found to have taken place in the oil, but whether or not the changes are detrimental has not been ascertained. Arrangements for collecting and reclaiming crank-case oil have already been made in some cities. The investigation is described in Technologic Paper No. 223 of the Bureau of Standards, for sale by the Superintendent of Documents, Government Printing Office, at 5 cents a copy.

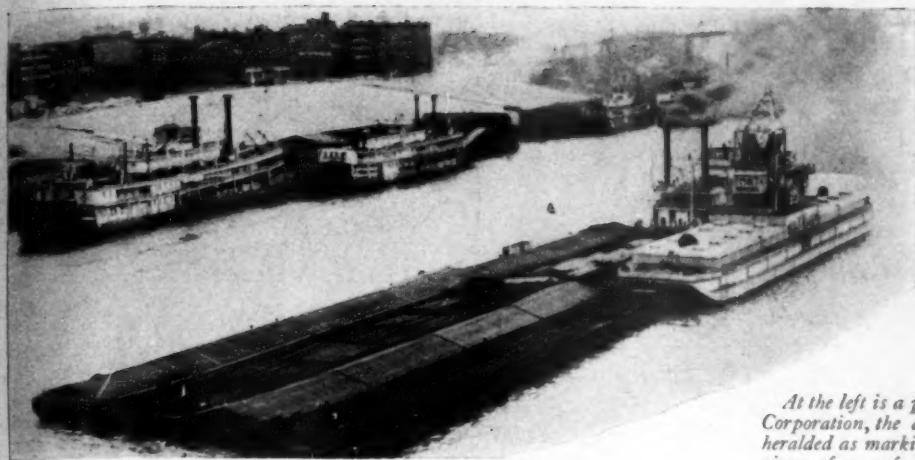
Palestine's Resources Reported

THE commercial resources of Palestine with special reference to American trade have been considered by Addison E. Southard, American consul at Jerusalem, in a report published by the Department of Commerce. Mr. Southard points out that with a population of only 700,000, Palestine serves as a trading base for a population of 3,000,000 in Asia Minor. From 1913 to the end of 1921, imports from the United States rose from a value of \$291,990 to a value of \$1,990,504. All phases of social, commercial, and industrial life are covered in the report, which also carries suggestions for increasing the sales of American goods. The report may be obtained for 10 cents from any district office of the Bureau of Foreign and Domestic Commerce, or from the Superintendent of Documents, Government Printing Office, Washington, D. C.

The Story of Alloy Steel In Pictures

"THE Story of Alloy Steel" has been added to the educational film series produced through the cooperation of the Bureau of Mines, the Department of Commerce, and industrial interests throughout the country. The pictures for "The Story of Alloy Steel" were taken at the plant of the Interstate Iron and Steel Company. From the raw materials used to charge the open hearth melting furnace, the film traces the processes in the manufacture of alloy steel products to the final inspection and loading of the steel in cars destined for consumers. Powerful lamps were used in taking the pictures, and by this arrangement a welcome quality of clearness and sharpness has been given to the interior views. A brief outline defining alloy steel and their uses serves as introduction to the picture.

This film may be obtained for educational exhibition by making application to either the Department of Commerce or to the United States Bureau of Mines. There is no charge of any kind, except for postage on the reels. A list of industrial films now available was published in the February number of this magazine.



Congress and Waterways

At the left is a picture of the history-making tow of the Jones & Laughlin Steel Corporation, the departure of which from Pittsburgh, October 27, 1921, was heralded as marking the beginning of a new era in low-cost transportation on the rivers of manufactured products in modern steel freight barges.

CONGRESS in voting to provide the money requested by the United States Engineers for rivers and harbors has gone far toward assuring the early completion of our national system of trunk-line rivers as low-rate freight routes.

These waterway facilities, when completed and co-ordinated with the railways through modern rail and river terminals, will pay generous dividends to the public in savings on distributing costs. A dollar saved by transportation on the Ohio River, or any other inland waterway, is a dollar saved to the whole country.

Our national system of transportation will always be based upon the railroads. Rivers, canals and paved roads can only function to greatest advantage when used as supplements to the rails. Benefits to the public will come when interchange of business among these distributing systems shall occur freely and in a friendly spirit of co-operation.

Farmers, manufacturers, merchants, producers of mineral wealth are not in the least interested in disputes between the advocates of this and that system of transportation, but they are mightily concerned in obtaining widespread, low-rate, efficient distribution by utilization of *all* facilities.

The public should be no less concerned, since it customarily "pays the freight." Lowering of distribution costs means lower living costs.

The Jones & Laughlin Steel Corporation is taking this public interest because of their leading position in developing use of the rivers. Since 1892 they have been bringing coal down the Monongahela River in barges from their mines to their coke ovens and steel works. They were the first among the steel companies to establish such a service. The present volume of their coal traffic is about 15,000 tons a day and requires maintenance of a fleet of 8 steamboats and 200 steel barges of 1,000 tons capacity each.

In 1921 Jones & Laughlin turned to the Ohio and Mississippi Rivers, seeking low-rate transportation for their steel products. They were the *first* large manufacturers to establish a delivery service on those streams under modern conditions. Despite the fact that the Ohio is not completed for year 'round navigation, the J. & L. Steel Service, in a series of skillfully executed barge movements, has managed to transport by river and rail to customers in the West, Southwest and South, many of them a thousand miles or more inland from the rivers, about 50,000 tons of steel pipe, barbed wire, wire nails, agricultural fence, tinplate, bars, plates, structural shapes and other commodities.

Today most of the large steel companies in the Pittsburgh, Wheeling, Youngstown, Chicago, St. Louis and Birmingham districts are using the rivers in some manner for distribution. The economies effected to their customers by reason of the lower cost of water transport, passed on to the consumer, become a dividend upon the public's investment in the waterways improvements.

Concerning this development, the Secretary of War in a recent letter to Jones & Laughlin, said: "It is a matter of gratification to me to know that the vast sum of money expended by the Government in making these rivers navigable is bearing fruit in such a striking manner."

It is, therefore, now more than ever reasonable to expect that succeeding Congresses will emulate the example of progress set by the present body, and in their turn without hesitation provide the funds needed to bring about the final *complete* development of our trunk-line rivers and connections between them and the Great Lakes, under the continuing contract system and as planned by the United States Engineers, so that when fully co-ordinated with the railways and highways, America shall have a national transportation system not possible for any other nation to equal.

Jones & Laughlin Steel Corporation

Pittsburgh, Pennsylvania



Here, hauling the Stuebing way saves \$9,200 annually!

Henry Mueller, Treasurer of the C. F. Mueller Company of Jersey City, the largest manufacturers in the United States of macaroni and similar products, says:

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Log of Organized Business

THE National Chamber began an active campaign for ship subsidy legislation during the month by making an urgent request to members of the Senate that the ship subsidy bill be permitted to come to a vote before the present session of Congress ends.

Pointing out that the time is growing short, the Chamber, in a letter sent to senators and signed by Elliot H. Goodwin, resident vice-president, declares that any tactics of parliamentary delay now used to thwart consideration of the measure on its merits can have as their object only a perpetuation of the present situation—"a situation of a maritime country without policy as to its merchant marine."

Following the lead of the National Chamber, business organizations throughout the country became active in the campaign. The feeling among chambers of commerce and industrial associations, as reflected in the headquarters here of the Chamber of Commerce of the United States, is that as the time is growing short it is necessary that immediate action be taken if a vote is to be had before adjournment of the Congress.

Chamber for Shipping Aid

THE membership of the National Chamber is committed to the principle of government aid to shipping through a referendum vote. In a statement which will be sent out to the member organizations, the National Chamber suggests what the alternative will be if the shipping bill fails to pass.

"Inevitably there will be a slump back to costly Shipping Board operation," it is pointed out. The statement continues:

This board has asked for an appropriation of \$50,000,000 for the ensuing fiscal year to cover the losses due solely to the mere operation of its vessels. This is nearly double the amount asked for the ship subsidy, but large as it is it does not cover overhead expenses, depreciation, replacements, or additions to the fleet.

The Government must be prepared to balance its fleet by building a large number of combination cargo and passenger ships. It has at the present time but forty passenger and cargo boats and 1,200 cargo boats, making an unbalanced fleet which cannot be used to advantage. The board would also find it necessary to develop boats which could be used as naval auxiliaries at a time of war. . . .

The opponent of the subsidy in the Senate who proposed the above remedy for our maritime ills quoted from the evidence of one (and only one) operator of Shipping Board vessels who testified at the congressional committee hearings that out of thirteen vessels he made a profit from the voyage operations of but three, and said, "Of course in my operation I am not charged charter hire, interest or depreciation." He might have added, "or insurance, or repairs." This constitutes the evidence of the existence of the large number of successful operators necessary for the operation of the great fleet of Government-owned vessels.

As to the suggestion that the Shipping Board directly operate the profitable ships, this would necessitate taking over the offices and personnel of agencies, thereby increasing Shipping Board forces and Shipping Board costs.

If the further suggestion is followed of tying up unprofitable ships this would necessarily tie up practically the entire fleet. The trade that has been built up in the last few years, at great pains and expense, and in many instances out of foreign ports with which hitherto we have had no direct trade connections, would, if the above suggestion were followed, prac-

tically disappear. The advantages gained to date would be lost.

American shipping today is in a more depressed state than it has ever been at any time during the past century. Even if times were normal there would be no inducement for Americans to invest their money in ships for ocean service in competition with foreigners. This has been demonstrated by the failures of the past, and by comparative statistics published in recent months.

Within the next few weeks a decision must be reached as to whether the Government will continue to pour out millions through the Shipping Board or will tie up the Government-owned tonnage and allow it to deteriorate to a state of worthlessness; and disregard all the economic and political lessons of history relating to a merchant marine and wholly abandon the seas to the ships of other nations; or expend during the next ten years a sum not to exceed \$30,000,000 annually in aiding our people to become ship-minded, in making investments in ships attractive, and making it possible for our ship operators to become experienced and skilled in foreign trades so that at the end of the decade, and without further help from the Government, the ships that cost the nation millions as a patriotic endeavor in connection with the war and their successors, will be carrying the products of American farm, mine and factory to all parts of the world under the American flag.

Cutting Down Waste

THE AVOIDABLE waste in American industry is being rapidly eliminated, as shown in an industrial survey just made by the Fabricated Production Department of the Chamber of Commerce of the United States. Much of the progress made in reducing the percentage of waste, according to a statement issued by the Department, is due to cutting down the number of excess varieties and styles in the different commodity lines.

The statement continues:

However, the evil of waste, in varying degrees of seriousness, is still present. "It has been conservatively estimated that the avoidable waste in production is fully 25 per cent. That means one-quarter of all the effort, time and money expended in American factories is utterly lost. Admittedly many sources contribute to this 25 per cent and no one element is responsible for all. Yet we are told that excess variety and lack of standardization is one of the most outstanding wastes chargeable to the management.

In numerous commodity lines varieties have been pyramiding to such an extent that the science of mass production, for which America is known the world over, is being lost. It would seem that one of the most essential lessons taught by the war has been entirely forgotten. There has been much catering to the whims and fancies of the customer, and a persistent endeavor to satisfy the insatiable demand for something different.

In production, small variety and large volume is the ideal. The possibilities are present to a varying extent in all industries. To realize this ideal, simplification and standardization is vitally necessary, in fact of first importance and consideration. Each line must pay its way and justify its continuation.

Furthermore, simplification and standardization need not be confined to the completed product. Its application is being extended to such items as crates, cartons, accessories, component parts, colors, brands, grades, finishes, capacities performance, terminology and specifications. Each of these present possibilities for worthwhile savings.

It must be observed that to simplify in no way implies reducing a product to a common pattern, nor does it tend to stifle individuality or hamper advancement. On the contrary it has been conclusively demonstrated that development and progress is greatly facilitated



A business man wrote us:

"EACH MONTH I receive a number of circulars offering me securities. The senders evidently assume that I know all about the various types of investments and the specific issues listed. Bond salesmen frequently call on me, but usually they try to sell me some security without a thought as to its suitability.

"What I need is some qualified person or reliable firm to help me choose those investments best suited to my financial circumstances, business requirements and savings plans."

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because efforts can be concentrated on fewer items. Among the chief functions of simplification are elimination of waste, increase of productivity, better service to the public.

The question may now properly arise as to how simplification can be carried out. Two methods of proven success suggest themselves: (a) by individual efforts; (b) by cooperative efforts of an entire industry through an association.

In its endeavor to reduce waste and lessen excess varieties, the department offers its services and experiences to interested lines.

May Join Labor Office

THAT THE Chamber of Commerce of the United States is seriously considering the advisability of participation in the Employer's Section of the International Labor Office, located at Geneva, was revealed by Julius H. Barnes, president of the Chamber, at a dinner given in Washington on January 12 for Albert Thomas, director of the International Labor Office. Guests at the dinner were members of the staff accompanying M. Thomas to this country; executive officers and members of the Board of Directors of the Chamber accessible to Washington; members of the Industrial Relations Committee of the Chamber; Secretary Hoover and other guests from the departments of Commerce, Labor and the Treasury.

In his remarks, Mr. Barnes said:

We have a feeling that there are times when national self-interest and international cooperation run in parallel channels.

America has a considerable pride that its common standard of living is manifestly higher than that of any other industrial country. It desires to maintain and advance that standard, but as a surplus-producing country selling in export markets of the world there is a limit to the disparity in living conditions and wage scales which cannot be wholly overcome even by American resourcefulness and American adaptability to large-scale production, through mechanical aids.

How far this American genius has so far protected our living standards is shown, for instance, by a statement that in cereal production America raises 12 tons annually per worker engaged in agriculture while the rest of the world averages 1½ tons.

Manifestly also, both in the interest of an increase in human standards and also in the self-interest of national protection of our own standards, the process of equalization in wages and working conditions between ourselves and our industrial competitors should be one of leveling up their standards rather than leveling down our own.

It is with this idea that the Chamber of Commerce of the United States is seriously considering the advisability of participation in the Employer's Section of the International Labor Office so that we may understand and influence comparative world industrial relations.

M. Thomas, in his talk, said:

Though the United States is not a member of the International Labor Organization, I venture to point out that they derive indirectly some advantages from the work accomplished by that organization. When we endeavor to protect the countries which have advanced social legislation against the unfair competition of countries where the work people are harshly exploited, we are helping the United States as well as other forward countries to maintain their high standards of labour conditions.

Substantial results in this direction have already been achieved. But we cannot develop our effort to its fullest possible extent except with the daily cooperation of the United States. Once the country, whose conditions of labour are the best, puts itself in communion with us, it will help us considerably in leading all

the countries of the world towards better conditions. Moreover, the employers in this country have often shown in signal ways their realization of the bearing of good conditions of labour on good production, and in that respect they are already in agreement with the International Labour Office.

The Government of the United States does not desire to bind itself by international obligations. But it has always said that it is ready to collaborate in all efforts to safeguard the health of the wage-earners and to protect women and children. In those fields there is a fruitful work to be done, and that work has already been begun.

New Department Manager

A. B. BARBER, of Portland, Oregon, has joined the headquarters staff of the National Chamber as manager of its Department of Transportation and Communication. He succeeds J. Rowland Bibbins, who resigned to take up private engineering practice.

For the past three years, Mr. Barber served as technical adviser to the Republic of Poland, having been nominated for that work in 1919 by Secretary Hoover, on request of the Polish government to designate an American engineer to assist in the organization of the railways, coal industry and other technical services.

Mr. Barber is a graduate of West Point. Prior to his resignation from the army three years ago to become head of the American technical staff for Poland, he had wide experience with the United States Army Engineers. Soon after the entry of the United States into the war, he was sent to France with a railway commission to report on the needs of the French railways supplying the Allied troops. Later he was assigned to General Pershing's staff, in connection with organization, transportation and overseas shipping. From June to November, 1918, he was at the front with the First Corps, and First and Second Armies. After the armistice he was assigned to the American Relief Administration, handling the transportation of relief supplies to the various countries of central Europe.

The department, of which Mr. Barber is now the head, handles the activities of the United States Chamber of Commerce in connection with ocean and inland shipping; steam and electric railroads; motor transportation; aeronautics; and communication by cable, telegraph, post and radio.

More Government Interference

A PROTEST against governmental interference in business, as contemplated in the bill providing for monopolistic employers' insurance in the District of Columbia, was made during the month by the Chamber of Commerce of the United States.

In a letter sent to members of the House, Elliot H. Goodwin, resident vice-president of the Chamber, declares that the enactment of the measure "would definitely commit the government to a policy of encroachment upon matters properly within the scope of private business endeavor."

The letter, continuing, says:

The Chamber of Commerce of the United States stands definitely committed against such governmental interference in business, and protests against the passage of this bill for the following additional reasons—

1. The supervising commission under this bill determines the rate and amount of premiums, takes care of the collection of premiums, and decides the amount and the payments of compensation—but all without any check upon decisions and actions, except as mentioned in point two below.

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In New York, Washington, and San Francisco, the quickest way is to telephone to one of our offices for an RCA messenger. In other cities it is merely necessary to ring a Postal Telegraph call-box for a messenger or step into one of their offices. To Japan, Hawaii or the Far East, the Western Union will route it through to our high power radio station at San Francisco.

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2. This commission reviews its own decisions, with right of appeal to courts only on matters of law.

3. This bill leaves the employer no option in the selection of an insurance carrier. He is forced to take government insurance.

There is in this bill great concentration of authority which we believe to be contrary to principles of good business and good government. Normal administrative functions are combined with the power of judicial review.

It is not to be understood that the National Chamber is here expressing opposition to the principle of workmen's compensation insurance. We protest here only against the form of the pending bill.

Your attention is also directed to the advisability of entrusting the administration of a local law with its application to all the business of the District of Columbia to a body charged with guarding the interests of employees of the entire federal government, scattered over the world.

Scrapping the Obsolete

VARIOUS methods actually used by manufacturers in determining when commodities they produce should be dropped as obsolete are set forth in a bulletin just issued by the Fabricated Production Department of the Chamber of Commerce of the United States. "Obsolescence," it is pointed out in the bulletin,

is one of our industrial problems dealt with mostly in a haphazard way, or by rule-of-thumb practices, because its cost burden has not been fully realized. The element of "good will" toward the manufacturer has been a factor in delaying action. It is a trite but expensive saying that "you can get replacements or repair parts from us at any time." This may mean from five to fifty years in some instances.

Undoubtedly it is valuable service to provide replacements during the natural life of a tool or piece of equipment and sometimes longer, but when such service is too prolonged, the interests of both the seller and buyer are injured in thus keeping in use that which has outlived its economic usefulness. Farmers are found using several old machines performing single operations, all of which are combined in one modern tool of labor-saving character. This is true in manufacturing equipment as well.

From a summing up of the methods, practices and experiences of the manufacturers reporting, the Department reaches the following conclusions:

A system should be established in each industry to deal with obsolescence in lines produced and the equipment used in manufacturing them.

As a general rule the persons most competent to deal with the dropping of lines are (a) general manager, (b) sales manager, (c) superintendent or production manager.

In discontinuing lines the points to be weighed most carefully are: The protection of the consumer in providing for duplication of complete units and constituent or repair parts based on a reasonable estimate of the life of an article after being put in use; second, in justice to the producer the duration of such service should be considered from the standpoint of the burden or expense of maintaining it.

From an accounting standpoint, the treatment of obsolescence pertaining to patterns, molds, dies, jigs, etc., we find is not being dealt with independent of general depreciation. Consequently the rates warranted are not developed. It would seem, however, in the heavier lines a special study would be justified to determine more accurately the actual depreciation loss.

The lines specifically mentioned in the bulletin are machine tools, stoves, china ware,



Promises and Pie Crust

Some one has said, "Promises are like pie crust, made to be broken." To some, perhaps, yes; to others, no. The value of a promise lies in how it is kept, not in how it is made.

Years ago a merchant was asked what he thought of The Sperry & Hutchinson Co. After speaking of the value of *SH* Green Stamps to his business and trade, he said, "And there's one thing you can bank on, they always do a little bit more than they promise."

This marks the twenty-seventh year of service for the *Sperry* System of co-operative discount. For over twenty-six years housewives and merchants have benefited in a most substantial way through the medium of the discount-for-cash token—the *SH* Green Stamp.

The nation-wide endorsement of the *Sperry* Service is easily understood. Long before our merchant friend discovered one of the secrets of our success we had always performed a little bit more than we promised.

To us, promises are NOT "like pie crust."

THE SPERRY & HUTCHINSON CO.
114 FIFTH AVENUE NEW YORK

bicycles, cash registers, engines, pumps, clocks, electric motors, heavy machinery, tools, silverware, farm implements, filing cabinets, small tools, and boilers.

Some Foreign Trade Gains

MANY striking examples of American industries that have maintained the expanded export trade gained during the war are given by the Foreign Commerce Department of the Chamber of Commerce of the United States in its analysis of the quantity figures of exports for the first nine months of 1922 in comparison with the same period of 1913.

The department calls attention to the following noteworthy gains:

Among agricultural products gains in the quantity of exports were: sugar, 4,956 per cent; rye, 1,782 per cent; rice, 1,178 per cent; oats, 364 per cent; corn, 223 per cent; oranges, 60 per cent; wheat, 53 per cent; wheat flour, 21 per cent; and barley, 17 per cent.

The packing industry showed quantity gains over 1913 of 56 per cent in bacon exports and 38 per cent in lard exports.

1922 nine-month exports in the petroleum industry showed increases over 1913 of 201 per cent in gasoline, naphthas, etc.; 105 per cent in gas and fuel oil; 100 per cent in crude petroleum; and 65 per cent in lubricating oil.

The mineral and metal industries showed the following gains: iron scrap, 668 per cent; sulphur, 467 per cent; zinc slabs, blocks, etc., 223 per cent; nails, 31 per cent; iron and steel sheets, plates, etc., 21 per cent; and iron wire, 3 per cent.

Among manufactured products the following gains were made: automobile trucks, 939 per cent; passenger automobiles, 140 per cent; incandescent lamps, 68 per cent; internal-combustion engines, 58 per cent; and cotton cloth, 29 per cent.

Declines in quantity of exports for the 1922 nine-month period in comparison with the 1913 nine-month period included the following: raw cotton, 13 per cent; cottonseed oil, 77 per cent; cotton waste, 16 per cent; wood staves, 52 per cent; leather boots and shoes, 50 per cent; leaf tobacco, 10 per cent; oil cake and oil-cake meal, 56 per cent; hydraulic cement, 66 per cent; railway ties, 45 per cent; prunes, 30 per cent; fertilizers, 39 per cent; lumber, 41 per cent; binder twine, 13 per cent; coal and coke, 57 per cent; structural iron and steel, 62 per cent; steel rails, 41 per cent; bolts, nuts, rivets and washers, 24 per cent; pig iron, 89 per cent; illuminating oil, 18 per cent; iron ore, 39 per cent; iron pipes, 40 per cent; iron and steel rods and bars, 13 per cent.

The Department points also to the 16 per cent gain in the value of our imports for the 1922 nine-month period compared with the same period of 1921. Increased import activity—partly at least due to shipments in anticipation of tariff rate increases—accounted for the gain. Among individual gains registered were: brass, an increase of 596 per cent in value and 819 per cent in quantity; linseed oil, 568 per cent in value and 501 per cent in quantity; pig iron, 377 per cent in value and 525 per cent in quantity; coal, 198 per cent in value and 239 per cent in quantity. Among other gains in value of imports were the following: furs, 162 per cent; raw cotton, 86 per cent; tin bars, blocks, 149 per cent; woven fabrics of flax, hemp and ramie, 92 per cent; tea, 75 per cent.

Other gains in quantity of imports included wool rags, noils, and waste, 481 per cent; wrapping paper, 448 per cent; quebracho



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Most of our readers have saved this \$1.50.

The NATION'S BUSINESS
Washington, D. C.

wood, 442 per cent; beans, 393 per cent; fluorspar, 390 per cent; Chinese nut oil, 289 per cent; and fertilizers, 227 per cent. Of all our imports for the first nine months of 1922, nearly 11 per cent of the value is represented in the raw silk imports valued at \$237,000,000. Cane sugar represents 9.5 per cent of our imports valued at \$208,000,000, while coffee, the third most valuable import, represented 5 per cent of the total, with importations running to \$109,000,000.

Some Recent Federal Trade Cases

CASES OF alleged unfair competition held conspicuous place before the Legal Division of the Federal Trade Commission during the month of January. A new practice in marking imitations of ivory has been disclosed in one of the cases, the commission says. A jobber is charged with buying pyroxylin articles unbranded from a manufacturer and then marking the articles "French Ivory." The commission has been trying to stop such marking of artificial ivory and asserts that retailers generally dropped the practice in advertising as did the manufacturers in branding. In the flow of imitation ivory articles to the consumer, the commission has not previously charged misbranding by a jobber.

The advertising matter of a concern carrying a statement that it operated mammoth rope factories with laboratories and an engineering department for its plant drew a complaint from the commission on the ground that the concern does not operate any factory engaged in the manufacture of rope, cable, or twine, but, on the contrary, buys from manufacturers on orders.

What May Be Called Silk

THE use of such descriptive expressions as "silk boot hose," "art silk hose," and "silkoline" applied to goods in a manner to mislead the public, according to the commission, brought two firms to book. One concern was ordered by the commission to refrain from use of the word "silk" or any modification of the word unless the hosiery to which it is applied be made entirely of the silk of the silk worm, or unless it be accompanied by words which aptly and truthfully describe the other material of which the hosiery is in part composed. Another firm, which used the word "silkoline" in connection with the sale of comforts, is now prohibited by order of the commission from making further use of the word without clearly and distinctly bringing to the attention of the buying public that the fabric contains no silk.

The ball-and-socket device for fastening dresses is the center of contention in a complaint against an Austrian manufacturer, charged by the commission with trying to capture the American market for his product by unfair methods. This manufacturer, the commission says, went into the larger cities of the United States, bought up the American fasteners and supplanted them with his own goods, and from time to time fed back the American fasteners into the market in such a way and at such a price to demoralize a particular American manufacturer's market. The Austrian company is also charged with giving particular jobbers discriminating and illegal discounts to carry out its plan.

Advertisement by a Chicago company that a product manufactured by it contained radium was the basis of a citation issued by the commission, which holds that this firm's product contains no radio activity and that

its advertisements to the public that its product does contain radium are deceptive.

A clock company in New York City has been charged by the commission with maintaining resale prices. Among the methods of price maintenance listed by the commission against this company are: Issuing resale price lists to the trade, with minimum resale prices of its products; making it known that it expects dealers to maintain and enforce its resale price schedules; entering into arrangements with dealers for the maintenance by them of the resale prices as fixed by the company; refusing to sell its products to those who fail to observe and maintain the listed resale prices.

A company manufacturing a cleaning compound in St. Louis has been called on to answer the charge that its product contains a substantial percentage of alkali, and that demonstrations to indicate its cleaning properties were not true tests of the product to remove stains. The commission's complaint rests on charges of misleading advertising and deceptive demonstrations.

The use of the word "mills" in a corporate name, when the concern so using the word does not own or have any interest in a mill, is the feature of a complaint issued by the commission against a Chicago clothing concern.

Right and Wrong Advertising

CAN a jobber and wholesaler rightfully advertise as a manufacturer is the question raised in charges preferred against a Cleveland company dealing in paints, varnishes and similar products. The commission holds that the company is in reality a jobber and wholesaler, and that it resells its goods under the name of another company, and in the sale advertises that the goods are manufactured by the company so selling them. The commission is inclined to look on this practice as leading the public to believe that the company's products are bought direct from the manufacturer, thereby saving all intermediate profits.

Simulation of trade names, the commission says, tends to mislead the public. This belief is represented in a complaint forwarded to a California corporation dealing in jams, preserves and the like. A man who sold his stock in one preserving company was active in the organization of another, and this second company, the commission charges, used a trade name similar to the first.

Marking products at prices alleged to be so fictitious as to be deceptive, in that the prices are far in excess of the prices for which it is expected to sell such products, is challenged by the commission in its complaint against a Providence corporation which manufactures pens and pencils. This practice is a form of unfair competition, the commission believes.

Threats to bring suit for infringement of a patented process in the making of non-alcoholic beverage when not made in good faith, but for the alleged purpose of hampering a competitor's business, is the basis of a citation against a Chicago doctor.

Members of a wholesale grocer's association, operating in Pennsylvania, New Jersey and Delaware, are said by the commission to discriminate in favor of manufacturers who guarantee a refund when prices decline, and that lists of such manufacturers are cooperatively compiled by members of the association and other similarly organized associations. This practice, the commission contends, results in a purchasing list which excludes manufacturers who do not use the guarantee-against-price-decline system and thereby acts as an unfair method of competition.

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AN Illinois manufacturer recently sent us a draft with documents attached, to be presented on the arrival of a carload of merchandise. The car was lost in transit, at a time when delay would have meant serious inconvenience and perhaps have resulted in refusal of the shipment.

Through our Collection Department, we traced and located the car, expedited its movement, and notified the consignee of its arrival before he had been advised by the railroad. The manu-

facturer's account with us was credited with the proceeds of the draft on the day the car arrived.

This is but one illustration of our service in handling collections. It reaches all parts of the world, and covers clean and documentary drafts, notes, coupons, called and matured bonds, warrants, and all similar instruments. It is but one of many features, important to business houses, which go to make up *complete banking service*, as rendered by this Company.

Our booklet, "Specialized Service to Corporations," discusses our facilities from the viewpoint of their particular value to corporations and firms. It will be sent on request.

Guaranty Trust Company of New York

MAIN OFFICE: 140 BROADWAY, NEW YORK

LONDON PARIS BRUSSELS
LIVERPOOL HAVRE ANTWERP

May words be used in the advertisement and sale of a fabric of domestic manufacture which, to the trade and to the general public, indicate a fabric of foreign manufacture? is the chief question involved in a complaint issued by the commission against two men associated in the manufacture of shirts in New York City. It is alleged that they labeled, branded and sold men's shirts as "English broadcloth," when in reality the shirts were made from cotton cloth manufactured in the United States. A Texas promoter is charged with making use of misleading advertising in the exploitation of oil companies. Among the statements which were false and deceptive, according to the commission, were: That the properties of the promoter are in close proximity to gusher oil property, which the commission's preliminary inquiry showed was not a fact; that certain corporations, trusts and so-called syndicates, in which the promoter was interested, were successful undertakings.

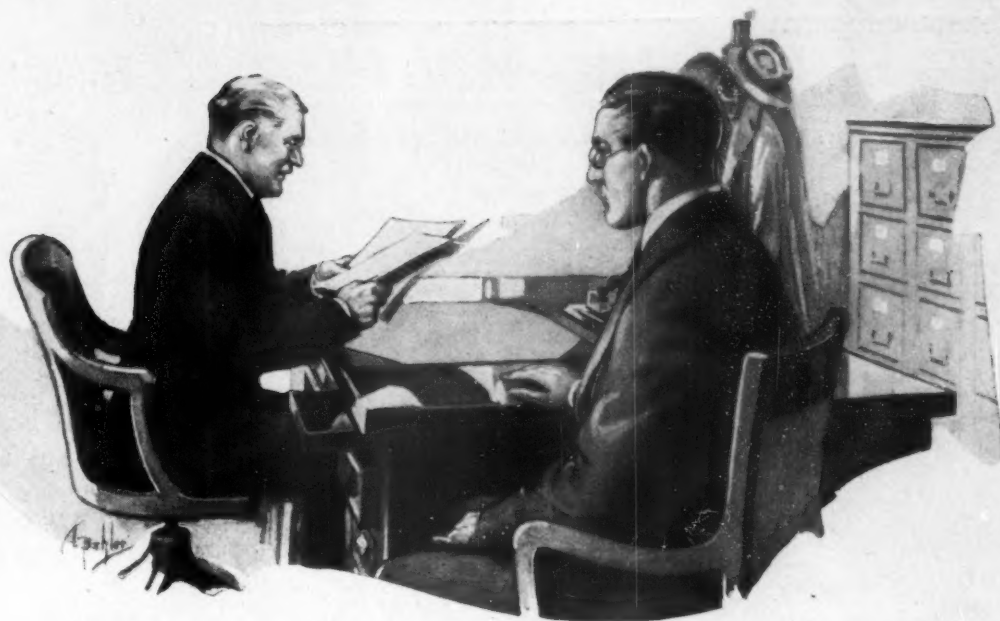
A Philadelphia publishing house has been ordered to refrain from the use of advertisements similar in form, illustration and substance to advertisements of a publishing corporation with headquarters in New York City. The Philadelphia company also simulated the style and contents of books distributed by the New York Concern, it was charged. In the opinion of the commission, the practices outlined constituted unfair methods of competition.

A Question of Names

MISREPRESENTATION of a competitor's product, as found in the case of a Brooklyn concern manufacturing hydrogen peroxide, drew an order from the commission that the Brooklyn company must refrain from directly or indirectly publishing or circulating any false, deceptive, or misleading statements concerning the product of a competitor, and particularly concerning the product "Daxol" made by a competing company. The commission found that the Brooklyn company sent to the principal offices of four organizations, conducting a large number of chain stores, a statement and a chemical analysis of a disinfectant known as "Daxol" and sold in such stores. The analysis, the commission found, did not truthfully describe the disinfectant and had a harmful effect on the further sale of the product, resulting finally in its being removed from the sales counters of the chain stores which had displayed it for sale.

The use of a trade name similar to that of a competitor and the stamping of rebuilt second-hand automobile tires so that they were confused with the well-known tires of a competitor were features in a case against a Chicago business man, resulting in the issuance of an order to cease and desist from the practice in question. By simulating the trade name of his competitor, the commission said, the defendant had obtained a prestige for his goods which did not rightfully belong to him.

Business men throughout the country may obtain a copy of the commission's report on prices, profits, and trade association activities in household furniture by listing their names with the secretary's office. This report has been sent to the Senate, and copies for distribution are now in process of printing at the Government Printing Office. In the report, the commission for the first time traces a manufactured product from the producer to the consumer through the crest of the "peace boom" in 1920 and through the "buyers' strike" and business depression which followed.



The Men That Bankers Like to Accommodate

A **BANKER** can weigh and measure all a man's listed assets—except his inventory.

Banks have facilities for finding out the worth of stocks, bonds, and similar collateral. They may accept a man's own figures about the worth of his goods, but their experience is that these figures are sometimes tinged with enthusiasm.

The determining factor in swinging many an accommodation at the bank is the proof a man shows that his inventory is correct.

A sound cost-accounting system is the only safe basis for any computation as to the value of materials on hand or in process. It enables the banker to see how a man arrived at his figures.

With Elliott-Fisher you can enjoy the same kind of truly helpful service, in this particular, that it is delivering to many business men. Elliott-Fisher provides cost records which are always

clear, vivid, and basically sound. You will be surprised at the ease and thoroughness with which Elliott-Fisher keeps the history of every item from receiving-room to shipping-room. It makes accurate cost-accounting largely a matter of routine. And it gives the owner of the business a representative bird's-eye view of where he stands, at any moment that he cares to know.

Elliott-Fisher keeps stock, cost, and production orders accurately and up to the minute—ready for immediate presentation at any time.

In **YOUR** accounting department, Elliott-Fisher Equipment can be used to your profit.

If you care to acquaint us with some of your accounting difficulties, we shall be glad to give you expert advice designed to save time, lessen labor, and minimize errors.

Any one of our branch offices will give your inquiry prompt attention.

ELLIOTT-FISHER CO., 342 Madison Ave., at 43d Street, New York

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Accounting and Writing Machines: Flat Writing Surface

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Elliott-Fisher best meets the requirements of modern accounting by furnishing:

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Without extra work or effort.

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There is one which fits your business.



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Murder Will Out

But we are not really trying to conceal the fact that we are cutting down old High Cost of Building in his prime.

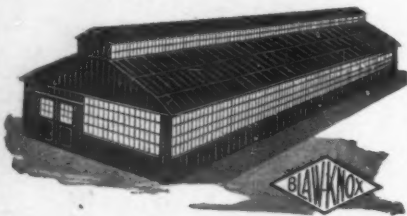
In fact, we will be glad to tell you how we do it with

PRUDENTIAL Sectional Steel **BUILDINGS**
with the Leak-proof Roof

You profit by: Low first cost. Quick delivery. Easy erection. Economically expanded or subdivided. Moved without waste. Rust proof. Leak proof. Standardized units making any desired combination. Permanent.

Also large, heavy, special buildings fabricated quickly from stock

BLAW-KNOX CO.
632 FARMERS BANK BUILDING
PITTSBURGH, PENNSYLVANIA



BLAW-KNOX

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632 Farmers Bank Bldg., Pittsburgh
Send me a copy of the Prudential Steel Building Book

Name _____

Address _____

Interested in bldg. _____ high _____ wide _____ long

Letters to the Editor

Save Waste; Cut Cost

BOSTON, MASS.

To the Editor of *The Nation's Business*:

THE FOLLOWING extract is taken from the Monthly Review of the Federal Reserve Bank of Boston, January 1, 1923:

Looking ahead into 1923, the prospects seem to be good, contingent, among other factors, on the willingness and ability of merchants and consumers to buy merchandise at the higher prices necessitated by increasing wholesale quotations, and also on that other important factor, the foreign situation. In all probability the impetus given to general business by the activity in the building industry will continue well into the coming year. Undoubtedly one of the most optimistic factors in the whole situation is the sound condition of the banking system of the country.

The above quotation gives rise to this thought: What would happen if the merchant and consumer refused to buy the merchandise at the high prices necessitated by increased wholesale quotations. If the merchants and consumers refused to buy, then prices would eventually come down, as the goods will have no value except what the consumers are willing to pay for them.

The producer will therefore be obliged to sell the goods cheaper. However, he cannot afford to sell them below cost; therefore he will have to find some method to promote cheaper production.

The big field of which advantage is not taken in flush times is the field of saving waste. In this field there are some extraordinary possibilities, possibilities that are not as yet discovered or installed by an important part of our producers and distributors. (See "Waste in Industry," by Herbert Hoover, Committee of Engineers. Messrs. J. Parker Channing, L. P. Alfrod, George D. Babcock, William R. Basset, F. G. Coburn, Morris L. Cooke, Harrington Emerson, Ira W. Hollis, L. W. Wallace, Edward Eyre Hunt, C. E. Knoepfel, Robert Linton, Fred. J. Miller, H. V. R. Scheel, Sanford Thompson, John H. Williams, Robert B. Wolf.)

If the cost of production is thus reduced, it will not only have an important effect on the possibility of production at a profit, but the producer can and will be in a much better position to sell the surplus abroad—that is, to meet the coming super-competition in world commerce. This is one of the most important things that can be done to keep and continue prosperity in this country. In fact unless it is done we shall see in this country also difficult times due to the super-competition arising from the fact that we shall be producing more than we can consume.

EDWARD A. FILENE.

Courtesy Comes Cheap

MINNEAPOLIS, MINN.

To the Editor of *The Nation's Business*:

THERE is a company in our city which needs a new system and needs it badly. The concern sells glass and, while it does not operate in a glass house, it does have all the latest efficiency stunts and equipment, with one glaring exception—no system. It has an airy, sunlit office with a polished mahogany floor and the latest whitish window shades on super-polished windows of plate glass; it

FAIRBANKS-MORSE



ball bearing motors

Motor failures, due to bearing trouble, practically eliminated. The bearings last as long as the motor. Positively dust-proof. Need lubrication but once a year. Reduce power bills, cut production costs

FAIRBANKS, MORSE & Co
CHICAGO—Pioneer Manufacturers

of ball bearing motors

New York Life Insurance Co.

(Incorporated under the Laws of New York)

346 Broadway, New York, N. Y.

Seventy-eighth Annual Statement

TO THE POLICY-HOLDERS:

As the Company becomes larger it becomes increasingly important that you should better understand your relation to it and better appreciate what you as a policy-holder really own, and what your property is doing for you and for others. Here we are—mutual, no stock, no dividends except to you, no division in purpose, just a general plan to stand by each other against the vicissitudes of life and against that certain but unknown date when our obligations to our families will mature.

We together, approximately 1,500,000 of us, stand pledged to help each other, and our dependents, to the extent of \$4,000,000,000. As the laws of Life Insurance figure it, our present liability is \$788,236,317.00. We have in hand, accumulated as a sinking fund with which fully to redeem these mutual pledges, just under \$1,000,000,000. See balance sheet below.

This is a great property. Your policy represents your share in that property; your policy IS PROPERTY. Do you own a piece of Real Estate? Your Real Estate is not so certain in its value as your Policy in this Company. Do you own a Bond? The best Bond is no more certain than your Policy, and lacks its EMERGENCY POWER.

You bought your bit of Real Estate, your Bond and your Life Policy for the same purpose—to protect your dependents, to protect yourself, in old age. Your Life Insurance Policy is as certain as your Bond, more dependable than your Real Estate. This property is being distributed almost as fast as it accumulates under an increasing business. In 1922 we paid you (policy-holders and beneficiaries) \$130,143,274.58.

DARWIN P. KINGSLEY,
President.

Balance Sheet, January 1, 1923

Bonds at Market Value, as Determined by Insurance Department, State of New York

ASSETS		LIABILITIES	
Real Estate owned.....	\$8,238,684.28	Policy Reserve.....	\$788,236,317.00
First Mortgage Loans—		Other Policy Liabilities.....	22,747,657.36
On Farms.....	57,592,277.53	Dividends left with Company to Accumulate at Interest.....	10,492,741.71
On Residential and Business Properties...	143,070,999.93	Premiums, Interest and Rentals prepaid....	3,508,893.64
Loans on Policies.....	166,099,516.84	Taxes, Salaries, Accounts, etc., due or accrued.....	7,452,155.33
Bonds of the United States.....	115,370,340.00	Additional Reserves.....	7,946,366.00
Railroad Bonds.....	285,079,312.14	Dividends payable in 1923.....	48,769,410.67
Bonds of other Governments, of States and Municipalities.....	152,583,974.81	Reserve for Deferred Dividends.....	39,310,473.00
Cash.....	8,816,310.47	General Contingency Funds not included above.....	60,088,196.25
Other Assets.....	51,700,794.96		
Total.....	\$988,552,210.96	Total.....	\$988,552,210.96



Transmitting Banking Energy

ONE of the wonders of modern science is the ease with which electrical energy generated in one place is transmitted long distances to furnish productive power.

One of the wonders of modern commerce is the speed and ease with which banking energy in the form of credits is made available to assist in the production of wealth and the exchange of goods.

Among the commercial banking institutions of this country having the ability to make productive banking energy available in any part of the business world is the Bankers Trust Company. Its four offices, each a complete banking unit, are a constant, dependable means for aiding business locally, nationally, and internationally.

BANKERS TRUST COMPANY

NEW YORK

PARIS

has a telephone at each desk; the office mailing clerk sits enthroned in a kingdom all his own; there is an electric fan for every certain specified number of cubic centimeters; all the baldheaded men are supplied at company expense with fly-swatters; the girls are given a chewing-gum recess at the peak hour of industrial fatigue—but with all those fussy, fine-haired features, listen to this:

I had an honest to goodness genuine bona fide order in my pocket for \$20,000 worth of glass that I wanted to place. I breezed in. My pocket bulged out. I met a girl and asked to see Mr. Soandso.

"He is not at his desk just now. Sit down and wait."

I sat down and waited. One hour passed. I interrogated the girl.

"Well, er—er—a—Mr. Soandso has not returned to his desk yet."

ANOTHER hour passed. Mr. Soandso has not returned from his reverie in some other part of the building. I took a turn around the block. I went to a movie show. I returned to the glass works with the fancy window shades. I interrogated the girl.

"Well, er—eh—Mr. Soandso has just stepped into another part of the building. Sit down and—"

But patience was exhausted. With biting sarcasm I interrogated the girl:

"Don't you have one of those auto call things here? Is there no way to reach this man? Is he completely cut off from the rest of the world when he leaves his desk? I've known places where they would even send a boy after the man wanted. Did it ever occur to anyone around here to send for this man?"

A blank stare.

"Well, er—eh—he is not at his—"

THE upshot of the matter was that with my bulging \$20,000 order crying for its rights I pronounced a silent anathema on the house with the fancy window blinds and went over to the humble place of a hard-working competitor.

I entered a somewhat dingy office, but a man stepped all the way from the other side of the room to meet me. In comparison with the polished manicure artists of the first office this man's appearance batted a lower average, but he showed that he welcomed business.

This should be published as a solemn warning to houses which make up their minds as to how they will treat a visitor after they have found out whether he wants to sell them something, or give them an order,

Yours very truly,

GLENWOOD MACOMBER
Minneapolis, Minn.

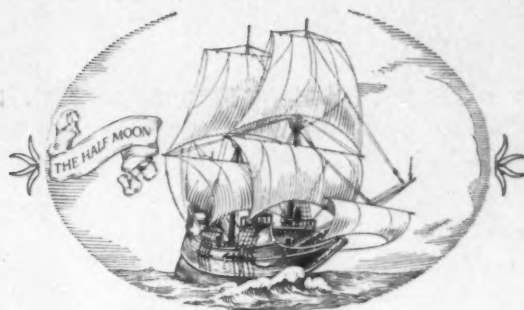
Awning Manufacturers Won to Cost Accounting

By CLAIRES I. WEIKERT

Chairman, National Laboratory on Cost Investigation, National Tent and Awning Manufacturers' Association.

WHEN a buyer can call in six awning men and give them the same specifications for an awning and receive quotations ranging from \$17 to \$107 on the same awning, something is wrong. An investigation of the spread shows a lack of knowledge of cost. Eleven years ago the leaders of our trade concluded that we needed cost education.

Our trade deals in a fluctuating com-



General Motors Acceptance Corporation

RENT, heat, light, food—essential commodities used by the family—are paid for out of current income.

The automobile is the most important unit of transportation for people and goods. It is an essential commodity used by the family and is properly purchasable out of current income because it represents an asset of continuing value.

To make this possible, the General Motors Acceptance Corporation was organized in 1919 under the banking laws of New York State as an associated independent institution to supplement—but not supplant—the credit machinery of the local banks.

The Acceptance Corporation furnishes credit accommodations exclusively for General Motors dealers and distributors, and for individual purchasers of General Motors products who wish to pay in cash a portion of the purchase price and the

balance by making payments out of current incomes. Operations extend to every corner of the globe, with branch offices in seventeen cities and travelling representatives covering all countries where motor vehicles are used in quantity.

Up to the end of 1922, General Motors Acceptance Corporation financed more than 273,000 automobiles under its retail plan, and more than 158,000 automobiles under its wholesale plan. The retail value of the products financed was over \$440,000,000.

In these operations the Acceptance Corporation has negotiated more than \$350,000,000 of its obligations with over 1,400 banking institutions throughout the United States.

Thus General Motors, through the Acceptance Corporation, is rendering a service to the purchasers of General Motors cars.

A booklet entitled "GENERAL MOTORS ACCEPTANCE CORPORATION" will be mailed if a request is directed to the Department of Financial Publicity, General Motors Corporation, New York.

GENERAL MOTORS

BUICK • CADILLAC • CHEVROLET • OAKLAND • OLDSMOBILE • GMC TRUCKS

Fisher Bodies • Remy Starting Systems • Delco Starting Systems • New Departure Ball Bearings
Harrison Radiators • Jaxon Rims • Klaxon Warning Signals • Hyatt Roller Bearings • AC Spark Plugs
Brown-Lipe-Chapin Differentials and Gears • Lancaster Steel Products
Delco Light, Power Plants and Frigidaire

General Exchange Corporation furnishes an exclusive insurance service for General Motors dealers.



"My partner should not have made me his executor"

"Running the business is enough to take all the time and energy I have. I really can't give my old partner's estate proper attention. Watching his investments, collecting the income, paying it out to his family, keeping the records, fixing up income tax statements, handling real estate—I'm doing all this for Bob's family now when there's only one of us to run the business. He never should have named me as executor and trustee in his will."

An individual may act as an executor once in his lifetime and that one time may be an excessive burden.

The modern trust company, on the other hand, performs the duties of executor and trustee *as a business*. It has the advantage of existing machinery, prepared to take up immediately and without lost motion, the work of settling an estate. This means efficiency and often results in a saving of expense to the estate.

For other reasons—but especially that of safety—it is wise to name a trust company. The trust company is financially responsible. It is experienced in investments. It has continuous corporate life.

Nor is the trust company wanting in that personal service which a man would like his

heirs to receive. Your family would always be assured, if its interests were in the hands of a trust company, of the utmost consideration and friendly helpfulness in financial matters.

Name a Trust Company in Your Will

Make yourself familiar with what a trust company can do for you. Ask an officer of a trust company about its services. Ask also for a copy of an interesting

Free Booklet

entitled "Safeguarding Your Family's Future." It discusses wills and trusts, the duties of an executor and trustee, and the advantages of trust company service. The booklet may also be obtained by writing to the address below.



TRUST COMPANY DIVISION
AMERICAN BANKERS ASSOCIATION
FIVE NASSAU STREET, NEW YORK

modity—cotton—and employs both male and female labor in large numbers. At all times there is an "overhead." We have characteristics and problems, all of which no other trade can complain. Let me enumerate a few of them:

We are seasonal—our productive period being the warm summer season, our slack season the cold winter; we have all the problems of a garment maker's plant; we have all the problems of a storage plant or warehouse; we have all the cost elements of a transfer business, but we operate only a part of the year; we must maintain a general office and be on hand the year round; we deal directly with the consumer and that increases our problems.

The National Tent and Awning Manufacturers' Association was formed with the definite object of putting our business on a well-conducted and paying basis. Cost was the chief subject, and for nine years cost experts from outside our trade talked to us at conventions, presented the need for a cost system, assured us they had solved our problems, and begged us to employ them at prices which scared most of our members from ever buying a cost system. As a result, after nine years, only a few manufacturers had installed cost systems in their plants. Some of the largest manufacturers in the country were still without any definite system.

Starting at the Bottom

TWO years ago our association consolidated for a concerted drive. We saw that we were getting nowhere; we had learned that we were dealing with men who were self-made to a great extent—in many cases with men who were following practices laid down by their fathers. We decided that we could never sell these men a cost system and, therefore, that we would develop our own cost system, giving it to our membership. This was an important decision—a gamble—but it has proved successful.

Our first step after this decision was to organize the trade into local associations which we could use for classes in our school on cost. We divided our campaign into two parts: To teach cost to our manufacturers; to teach them how to find their costs.

In order to teach cost to our membership, it was necessary to have an organization or committee to conduct this work, investigate, experiment, get facts and then give these facts to the manufacturers. For this purpose there was formed the National Laboratory on Cost Investigation composed of seven men, all tent and awning manufacturers and all advanced in the cost work. To get the ear of the manufacturer it is necessary to be a manufacturer, to be a member of his clan—then he will listen; not only listen, he will ask questions and criticize.

This laboratory in its first steps endeavored to standardize cost methods. Cost work in factories is somewhat new as a practical reality. Accountants have had theories and have advanced in practical installations, but there is little uniformity and very few fundamental rules. Our trade has been experimented with, cost systems installed and then amputated in parts, until at the time we began our own investigation for purposes of standardization we found many different methods used. At all times it has been necessary for us to be simple in all our conclusions, and we must also explain our work in language understandable to the mind that is unschooled in matters of accounting.

We divided cost into three elements—ma-

terial, labor, and overhead. If we could collect all cost under three heads so that all cost was figured in this way, we were accomplishing a big step. It has been such leaks as the failure to figure in all cost elements on each job that has caused the high financial mortality rate in our trade.

To teach overhead and how it is distributed we had to define it first by developing a schedule of overhead, showing thirty-two constituents, and we had to explain how they could be determined in any and all plants. After overhead was determined came the problem of its distribution. Some were using the percentage method, others the multiple system—in fact, every system conceivable seemed to be in use. A study convinced us that for our business the productive-hour method of distribution was the best, and we passed out this conclusion together with instructions on how to distribute the overhead on the productive hour. Of course, changes had to be made by many firms using methods in conflict with the conclusions of the laboratory. Much opposition was met at times, but cost facts developed by men of their own trade were convincing, and argument after their interest was aroused caused an ultimate standardization. The results after a campaign of one and a half years were the development of some cost facts and the arousing of general interest in the cost work.

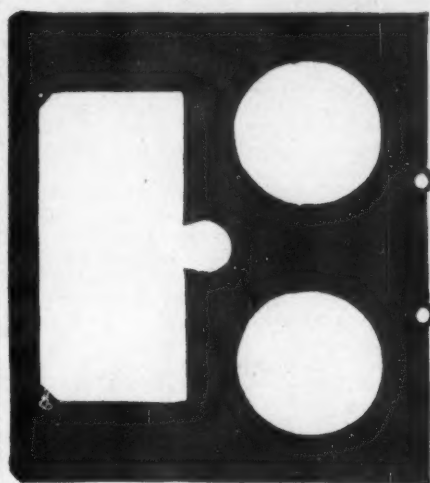
The Three Fundamentals

ALL the time we were working on a cost system. We wanted a system that was simple and also one that could be used in any plant, no matter how large. We worked from this point of view—that every cost system must have the same fundamentals, viz., the provision for the recording of the three elements of cost, material, labor, and overhead. Our final solution was a simple four-sheet system consisting of: (1) labor ticket; (2) a factory sheet; (3) a shop sheet; (4) a cost record and tracer. When this system was finally approved we advanced into the second stage of the campaign. We had been teaching cost and producing cost facts. Then we called upon the manufacturers to produce their own facts by installing cost systems, and this is the present stage.

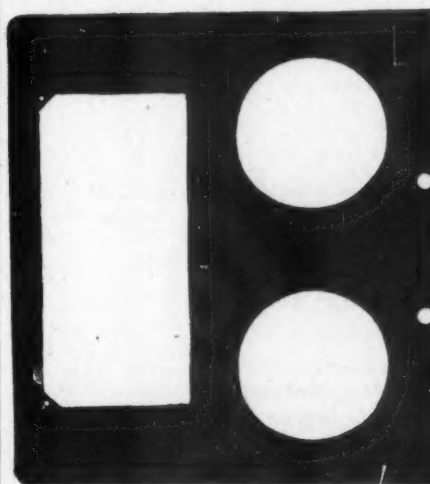
Our cost system is free to our membership. The cost forms are sold by the laboratory at prices which cannot be met by local printers because of our volume of production, and because we need only one set of plates. Instruction pamphlets are being sent out by the laboratory. Lectures are given at local meetings by members of the laboratory staff. Bulletins, letters and questionnaires are sent out by the laboratory and by local cost committees. The results are astonishing. Manufacturers from the smallest to the largest are installing the system, are producing cost facts, are eliminating from their business all element of guesswork and chance. The small firm needs little more than what the laboratory offers; the large firm uses the system and with the aid of cost efficiency men or accountants, makes it applicable to its plant. The same system is adaptable to all plants. Comparative cost facts therefore are obtainable.

In this new and somewhat undeveloped field of cost accounting, the tent and awning makers can be classed with the printer, the garment manufacturer, the rubber stamp manufacturer and others making cost studies. We have not progressed as far as others because we have been only a few years at it, but we feel that we are on the right track to salvation through cost knowledge.

Out of the Rut of Tradition



Cast Iron Range Top
Weight 31 lbs.



Pressed Steel Range Top
Weight 11 lbs. 6 oz.

Unretouched photographs of cast and pressed steel stove tops. Note the saving in weight of the pressed steel top.

MOST range manufacturers have followed the law of habit so long in making ranges of cast parts, that they have overlooked the many advantages of pressed steel.

One range manufacturer—The Chambers Manufacturing Company, of Shelbyville, Indiana—found that the pressed steel parts our engineers developed gave these

Seven Distinct Advantages Over Cast Parts

1. Absolute uniformity
2. Decreased weight
3. No breakage
4. Increased strength
5. Smoother surface
6. No machining
7. Perfect control of color in enameling

And absolute uniformity is the most important part of this unusual redevelopment. Every stove manufacturer knows the difficulty in producing cast parts that fit. *Pressed steel parts fit perfectly.* Consider this one point alone, then add six more distinct advantages, and you will realize why more and more users of cast parts are finding in pressed steel the key to a better product.

Shall one of our engineers call on you to discuss your problems?

"Press It From Steel Instead"

Write for a copy of "How one Manufacturer Saved \$5000 on one Small Part". It suggests possibilities that pressed steel may bring to your product.

YOUNGSTOWN PRODUCTS FOR MANUFACTURER & BUILDER

AGRICULTURAL	AUTOMOTIVE	GENERAL	FIREPROOFING
TOOL & WEIGHT BOXES · SEATS	RADIATOR SHELLS · CRANK CASES	LEFT TRUCK PLATFORMS · TANK HEADS	MACHINE GRINDS & SLOTTED PARTS · MACHINING
LEVER LATCHES · FURROW & GROUND WHEELS	HOUSING COVERS · BRAKE DRUMS	INDUSTRIAL CAR WHEELS · WHEEL DISCS	COLD FORMED CHANNELS · C-CHANNELS · RAILS · LIGHT
HARROW TOOTH CLAMPS · CENTRIFUGAL PUMPS	CLUTCH DISCS · STEP HANGERS	HATCH CLEATS · BARREL HEADS	STEEL TUBING & PIPES · CYLINDERS · CONDUITS · RAILS
LAND ROLLER HEADS	HUB FLANGES	COMPOUND ROLLERS	MACHINE ROLLERS & ROLL METAL LATH

THE YOUNGSTOWN WARREN, OHIO
PRESSED STEEL CO.

Main Office and Factories
District Offices
New York—30 East 42nd Street
Chicago—McCormick Building
Philadelphia—401 Finance Bldg.



The New **Weis** No. 1924

Light Natural Oak

\$22.50

FREIGHT PAID

in Eastern and Central States

\$28.00 in South, Southwest and West

Let This High Grade

Weis

Letter File and a Cleardex
System Simplify Your
Correspondence Filing

In the purchase of a file you want one that is equipped with smooth, quiet working drawers, that is well constructed to stand years of wear, that is handsome in appearance to harmonize with its surroundings, in fact a reasonably priced file that will do all any higher priced one can do. The No. 1924 will meet all these requirements.

The **Weis** Cleardex

Is an arrangement of guides and folders that is the outgrowth of many tested methods—condensed into one system that is today conceded to be the most simple and best balanced method one can use. Let us tell you more about our Cleardex, or if you have other filing problems you can no doubt find an answer in our booklet.

Filing Suggestions

Cheerfully mailed without cost along with our catalog of filing equipment supplies and sectional bookcases. Just tear out this ad, write name and address thereon and mail.

The **Weis** Manufacturing Co.

92 Union St.

New York Office
52 Park Place

Monroe, Mich.

Nation's Business Observatory

COAL CONTINUES to receive space for consideration on the editorial pages of the trade and farm press. Interest in the deliberations of the federal fact-finding commission is lively and widespread. The injection of unionism and non-unionism into the investigation received comment from *Coal Age*.

Strikes, especially national strikes, and the causes thereof are matters of fact that the Coal Commission is charged to investigate. Measures to establish industrial peace may be looked for among its final recommendations to the President and Congress. It may be that to this end there will be much searching into these bitterly controverted points concerning the methods of certain operators to preserve their freedom from the United Mine Workers. But there also may be questions raised with respect to the methods pursued by the union in keeping intact its territory and in reaching forth for more worlds to conquer. To many it would appear that the anti-union contract of West Virginia is no more iniquitous than the check-off north of the Potomac. Both produce close shops.

and further:

It is not true that the operators have made no proposal to correct the ills of the coal industry. They have said that if the union will agree to, or be made to acquiesce in, arbitration, national strikes will be thus prevented, the excess development that hangs over the industry will in time be absorbed or eliminated and the industry be permitted to function normally. Neither is it true that this proposal of the miners is thought out and through. In fact they have reasoned backward, saying that nationalization is the panacea for all the troubles of the miner and that it will cure high prices and insure regularity of supply to the consumer, and then they have started to define nationalization and to work out a plan to do those things. They are aping the British miners. They are groping for the pot of gold at the end of the rainbow, the aggregate profits of the industry.

Nothing Wrong with Coal?

COAL SHORTAGES and high prices paid by consumers may give rise to a presumption that something is wrong with the industry, but that presumption is unfounded, believes the *Coal Mining Review*, and points an accusing finger at the transportation system.

There is nothing the matter with the coal industry. The trouble is with our transportation system. Strange that the coal industry is being investigated to stabilize the industry, and to recommend some plan to keep the mines operating more steadily, when it is the transportation problem that should be solved in order to give stability to the coal mining industry. We want to emphasize there is nothing the matter with the coal industry. There is too much interference on the part of government representatives, both state and national, and until the interference with the coal industry ceases, there can be no relief from the conditions of which the people have justly complained during the past three years.

Representations made to the operators by the chairman of the Federal Commission for continuance of the wage scale now in effect were regarded as an "unwarranted intrusion into the affairs of a portion of the industry" by the *Black Diamond*. The assertion is made that—

Acquiescence with this plan is nothing more or less than signing the commercial death warrant of a large number of unionized producers. It is true their operation will be thus enabled to

continue without interruption by strike. But the nonunion fields, unhampered by similar high wage scales, will be thereby permitted to undercut the markets and dictate the price at which all soft coal will be sold. And the price they will be able to fix will be so low as to spell bankruptcy for many concerns mining coal at the present union scale, except only those few which may be unusually fortunate in other ways.

... It must not be!

The relation of the coal industry to the nation and possible concession of private right to public welfare raised fundamental questions in the judgment of the coal commission, which recorded its belief that both private property and labor engaged in a public service industry might face a modification of their private rights for certain "guarantees and privileges not accorded to purely private business or persons in private employ."

Of the commission's reflected judgment on that phase of its investigation, the *Engineering News-Record* said:

The issue here defined applies with equal force to every industry in which the normal interplay of economic interests has been found to menace the general welfare. The commission is exploring a fundamental subject and, should its final conclusions support the doctrine implied in this suggestion, they will carry widespread significance for the essential industries.

The Market After April 1

FROM THE conference of operators and miners at New York, late in January, came encouraging word of probable agreement on a contract with "no vital departure from the terms of the existing agreement," which is to expire April 1. Looking at the coal market beyond April 1, the *American Metal Market* made this pertinent appraisal.

This brings out another point for consideration. An agreement, of course, would be on the 1920 scale, which now rules by the "Cleveland agreement" of last August. The cost of producing coal under this scale is very high. Some stocks of coal have already been accumulated by consumers, against the possibility of a strike, and more are being accumulated. The present prospect is that there will be fairly large stocks to be liquidated after April 1st. . . . It would be a very serious thing indeed if the idea should gain any currency that a producer ought to continue producing when the operation involves the loss of any part of the fixed charges. By common consent we are living under the competitive system and there is great danger in any effort to force that system too far. It is not a good thing for business to make too much money, but it is vastly worse for it to become disorganized and disrupted.

By way of banishing the bogey of inadequate car capacity, the *Metal Market* made this prophecy:

If the present scale is continued for another year there will be ample opportunity, not only for actual facts to be gathered and presented, but for public opinion to be formed definitely and vigorously. The talk hitherto indulged in about railroad capacity being at fault will be swept away. The worst way to cure the evils of an overdeveloped coal industry would be to overdevelop the railroads. It is to be hoped that even school children will learn that.

Casting about for a new source of revenue for the state of Illinois, the *Prairie Farmer* suggested a tax on mineral resources. The principle of a state tax on minerals—technically called a severance tax—is well established and has been upheld by the United

An Advertisement to Our Employees:

People generally pay more attention to telegrams than to letters, don't they? You agree, because you know that the man who pays several times the cost of a letter to get his message before you quickly and prominently has something important to say.

That's exactly why I'm giving you this message in expensive—and valuable—space when I might get it to you more economically in several other ways. That's why I'm *advertising, to you, the service you give.*

There's another reason, too. I'm here *going on public record* with this—which I wouldn't be if the same sheet of printed words were sent to you at the hotel or at your home address.

Now forget those preliminaries and get the message:

You know, and I know, that the policies of this business are simple, and plain, and easily understood.

You know, and I know, that the biggest job in running these big hotels is to keep the *human side of service* up to our standard. The mechanical-service features don't make one one-hundredth the trouble that the *people who give service* do.

Our guests are promised, by our policies and in our advertising and otherwise, a service that isn't only thorough, but is also helpful; that isn't perfunctory, and that is interested; that isn't ever grudging, and is *always courteous.*

Those written promises, made to our customers, are just as binding on us as are the written promises to our bankers to pay them certain moneys.

What I'm saying to you, here and now, is

that *those promises must and will be kept;* and I'm saying it in this way, in addition to all the other ways you know about, because I want you to know that these are *promises of record,* and that neither you nor I nor anybody working in these hotels can forget them or neglect them, and get away with it.

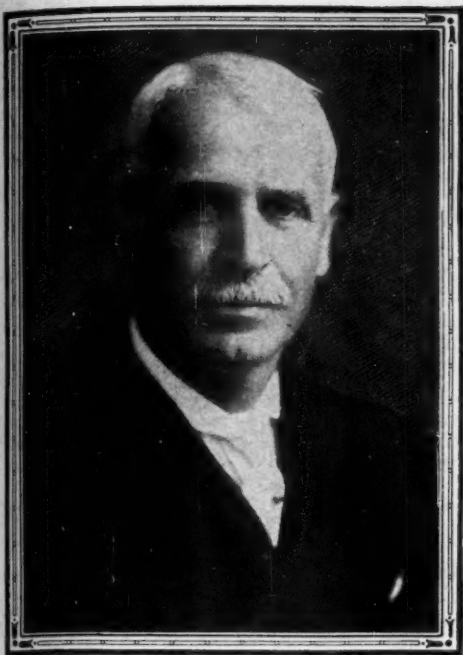
All previous instructions stand, you understand, and all alibis are outlawed. You're to do *all your authority permits* toward satisfying any guest, and if that doesn't satisfy him you're to see that he gets to your superior.

You're to be guided by the Codes; you're to use your head.

I don't want to preach, and I don't want to scold. If I do either I'll do it in private. What I'm trying to do is to put this to you in this most forceful way I can think of.

If you have ever been doubtful as to whether we mean what we say, this ought to settle it.

E. M. Statler



"If you have ever been doubtful as to whether we mean what we say, this ought to settle it."

HOTELS STATLER

BUFFALO: 450 rooms, 450 baths (The new Statler in Buffalo, to be opened in April, will have 1100 rooms, 1100 baths).
CLEVELAND: 1000 rooms, 1000 baths. Euclid, at E. 12th.
DETROIT: 1000 rooms, 1000 baths. Grand Circus Park.
ST. LOUIS: 650 rooms, 650 baths. Ninth and Washington.
BOSTON: Now building. To have 1100 rooms, 1100 baths; at Columbus Ave., Providence and Arlington Sts.

STATLER

and Statler-operated

HOTELS

Hotel Pennsylvania New York

The largest hotel in the world—with 2200 rooms, 2200 baths. On Seventh Avenue, 32d to 33d Streets, directly opposite the Pennsylvania Railway Terminal. A Statler-operated hotel, with all the comforts and conveniences of other Statlers, and with the same policies of courteous, intelligent and helpful service by all employees.

In Cost Accounting

Simplicity is Just Knowing How to Avoid the Complex

One of the surest indications of Progress in modern business methods is the Simplification of Cost Accounting.

Red tape has been eliminated. Simple Straight Line Methods have taken the place of old laborious routine, with the result that greater efficiency is attained with far less effort.

Bookkeepers and Cost Accountants have long wasted valuable time in making general ledger entries to expense accounts and closing out such accounts each month to obtain the operating statement. Today the proper application of the Cost Working Sheet eliminates all the unnecessary accounts and records.

While no one system can possibly apply to all needs, all Progressive Systems are based on the fundamental principles of Simplicity, Straight Line Methods, and just *knowing how to avoid the complex.*

ERNST & ERNST

AUDITS — SYSTEMS
TAX SERVICE

NEW YORK	CHICAGO	CLEVELAND	INDIANAPOLIS	NEW ORLEANS
PHILADELPHIA	MINNEAPOLIS	BUFFALO	TOLEDO	DALLAS
BOSTON	ST. PAUL	PITTSBURGH	ATLANTA	FORT WORTH
PROVIDENCE	ST. LOUIS	DETROIT	RICHMOND	HOUSTON
WASHINGTON	KANSAS CITY	CINCINNATI	BALTIMORE	DENVER

BUSINESS STUDIES

A number of pamphlets are available for distribution by the Chamber of Commerce of the United States. There is given below a list of some of the booklets. One copy of each will be sent free on request. A nominal charge amounting to the cost of printing will be placed on additional copies.

Our World Trade—January to June, 1922.
Free Zones—What They Are and How They Will Benefit American Trade.

International Credits—Referendum No. 1, issued by the International Chamber of Commerce on the application of the Ter Meulen Plan.

Fabricated Production Department—Its service to those engaged in manufacturing and production.

The Railroad Situation—Statement of Secretary of Commerce before the Interstate Commerce Commission.

Trade Association Activities—Correspondence between Secretary of Commerce Hoover and Attorney General Daugherty on Legitimate Activities of Trade Associations.

Overhead Expenses—A Treatise on How to Distribute Them in Good and Bad Times.

Depreciation—A Treatment on Depreciation and Production, Reduction of Merchandising Expense—Methods which Distributors Are Applying to Ease the Process of Readjustment.

Why a Merchant Marine—Reasons why privately owned merchant marine is a national necessity.

Merchant Marine. National Chamber's Position—Report of Chamber's Committee.

Chamber of Commerce of the United States. There is given sent free on request. A nominal charge amounting to the cost of printing will be placed on additional copies.

Commercial Arbitration—Statement of the field of arbitration and draft of plan.

Schools of Your City III—Health and Physical Education.

Perpetual Inventory or Stores Control—How to keep investment in materials and supplies down to the Minimum consistent with efficient operation.

Industrial Development—Activities undertaken by Chambers of Commerce.

National Obligation to Veterans—The costs of war borne by the States and the government.

Treaty Ratification—Report of the Committee on Foreign Affairs regarding ratification of the several treaties of the Conference on the Limitation of Armament.

Department of Commerce and Trade Associations.

Merchandise Turnover and Stock Control—Knowing what is taking place, while it is taking place. Study by Domestic Distribution Department.

Analysis of the Senate Tariff Bill—Showing wherein it meets or fails to meet the tariff policy of the Chamber of Commerce of the United States.

Uniform Cost Methods to Aid Production—Address by Arthur Lazarus.

Analysis of the Senate Bonus Bill—Outline of provisions with estimate of cost.

CHAMBER OF COMMERCE OF THE UNITED STATES, WASHINGTON

States Supreme Court, said the *Farmer*. It gave point to its recommendation by declaring that "Minnesota receives so much revenue from this and similar sources that it levied no direct state tax at all this year." Specifically, the tax would seem to be aimed at coal, for the journal asserted that—

Illinois ranks fourth among all the states in the value of its mineral products. Taxes on coal lands are so low that Williamson County—one of the leading coal counties of the state—receives more money from the state school fund than the total amount it pays in state taxes. The profits in coal mining are large. Wages paid in the industry are high. No industry is in better position to stand a tax increase. It is doubtful if the tax could be passed on to the consumer, for coal operators charge all the traffic will bear anyway.

Why Crops Rotted

THE PROBLEMS of the farmer are persistent and hold conspicuous place in reviews of business conditions. After inviting attention to the farmer's unfavorable economic position, the *National Provisioner* explained that—

It must be noted that the breakdown of the country's transportation system has had something to do with the farmer's situation this year. No amount of government money loaned to the farmer would have helped him to get his bountiful crops to market when there were no cars to be had. The sad spectacle of crops rotting on the ground for lack of transportation is not to be done away with by a rural credits bill.

The possibility that export credits may be equally desirable with rural credits is then pointed out in subsequent paragraphs on the importance of the surplus products "which cannot be consumed in America" and "must be sold to foreign buyers if our farmers are to earn a living."

These surplus products represent the farmer's profit, just as the surplus products of the packer or of any manufacturer may be said to represent his profit. This will be heresy to those who contend that America can exist for herself alone. But there are many who believe that an export outlet is necessary to the country's lasting prosperity, either agricultural or commercial...

Rural credits are a good thing, and, if properly administered, a partial stabilizer of the situation for the producer. But in talking about relief for the producer there is something more to be considered, as has been here indicated.

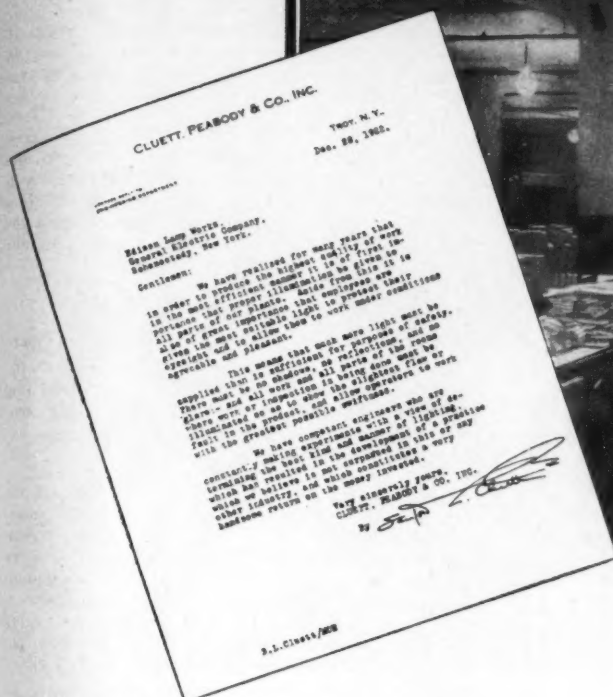
Reduced freight rates are the need of the hour is the expressed belief of the *Northwestern Tractor and Truck Dealer*. It declared that no voluntary reduction of rates will come about through voluntary action on the part of the railroads, but added that "the railroads are not earning excessive profits." There is wide disparity between the prices he pays for the articles needed in his operations, this journal holds, and the prices he gets for his products. Of prices it says:

The trend of prices on farm products is upward, and but for the excessive transportation costs, there can be no quarrel with the present gross prices, but after deducting the freight charges, the net is sadly disappointing. He is bearing the burden of freight taxation on what he buys and on what he sells. He cannot long exist under such discrimination.

More or Less for the Farmer

THE INABILITY of an Iowa farmer to renew his subscription to the *Manufacturer's Record* was used by that publication to illustrate the plight of the farmers throughout the country. Says the *Record*:

What this farmer is enduring is what a very large proportion of the farmers of the country



ARROW COLLARS are packed and boxed in this room which is properly lighted by 300-watt Edison MAZDA Lamps in semi-indirect fixtures.

"There must be no shadows, no reflections, and no glare—

AND all work and all parts of the rooms where work or inspection is being done must be illuminated so as to show the slightest flaw or fault in the product, and to allow operators to work with the greatest possible swiftness under conditions agreeable and pleasant."

These are the words of Sanford L. Cluett, of Cluett, Peabody & Co., Inc., makers of collars and shirts, of Troy, N. Y. "Good light," he adds, "pays a very handsome return on the money invested."

If you, like the makers of Arrow Collars and Shirts, believe that "in order to produce the


highest quality of work in the most efficient manner it is of first importance that proper illumination be given to all parts of the plant," our Lighting Service Department will be glad to plan your lighting according to modern efficient standards. There is no charge for this service.

Special lighting booklets for you

If you want to know the great benefits at low cost from better factory lighting, ask the Lighting Service Department, Edison Lamp Works of General Electric Company, Harrison, N. J., for a lighting bulletin for your special business. Yours for the asking.




STANDARDIZE YOUR FACTORY LIGHTING WITH



EDISON

MAZDA LAMPS



A GENERAL ELECTRIC PRODUCT

Seven Per Cent and Safety



WHETHER you can get seven per cent. on stock and be certain of the safety of your principal depends entirely on what is back of the stock.

American Telephone and Telegraph stock is based on the Company's ownership in the Bell System properties. These properties include the Associated Companies which earned 5.5% on a book cost of \$1,500,000,000. These earnings are conservative and their continuance may be assumed.

Its dividends and interest from stock and bonds of associated and other companies added to its other earnings, enable the American Telephone & Telegraph Company safely to pay 9% dividends on over \$700,000,000 stock outstanding. This stock can today be bought in the open market to yield about 7%.

Full information of this Seven-per-cent-and-Safety Investment will be sent on request.



**BELL TELEPHONE
SECURITIES CO. Inc.**

D.F. Houston, Pres.
195 Broadway NEW YORK

Blotters Now Available: "We are advertised by our loving friends" is a line well used by a constant advertiser. Well, so are we!

A number of our subscribers have asked for some kind of insert describing this magazine, which could be enclosed with certain of their letters. We have been supplying them with attractive blotters.

If you would like some for a similar use, drop us a line, and you'll get them promptly.

The NATION'S BUSINESS
Washington, D. C.

have had to endure by reason of unwise financing on the part of the financial management of this country. There is no surplus of grain, and the quantity in this country will not more than supply the actual needs for home and foreign markets, but because of bad financial methods and a bad system in the way it has been operated, the farmers, like millions of others, are suffering. These are the facts which the country must face, and these problems must be solved if we are to be saved from having our whole financial system thrown into a political contest which would endanger all business.

The other side of the picture is exhibited by the *Manufacturing Clothier*, which sought to stiffen the backbones of retail merchants against "more for the farmer." Seemingly, tariff explanations from the merchants have left an unpleasant after taste, for, as the *Clothier* put it:

It would seem to those who have followed the trend of legislation during the past few years that the farmers are being particularly favored by our law-making bodies. That industry received a handsome plum in the recent tariff bill, in which the duty on wool was raised to protect the farmer, while the retail clothing industry was left to explain to an inquiring public the reason for the increase in the cost of clothing. Now the same retail merchant is faced with another piece of farmer legislation that will take even more explaining than the tariff. Class legislation is all right as far as it acts to benefit the particular group or industry it represents, without causing insurmountable difficulties for any other industry. But it does seem as though the Farm Bloc in the present legislature has outlived its purpose. Farmers are getting more protection than other industries that are equally as important. It is time that retail merchants organized some kind of a "bloc." Not to ask for anything they are not entitled to, but merely to keep what they already have secured by honest methods, and by strict attention to their own business.

The most interesting proposal made in the direction of helping the farmer, according to the *Farm Implement News*, is the one to make loans to European countries contingent upon the money being used to buy American farm products. Suggesting immediate trial of that plan, the *Implement News* says:

Now this plan does not contemplate lending money without security. Its advocates say that the loans will be well protected. Nobody will lose anything on them. If such is the case, there is no reason why the plan should not be given an immediate trial. The principal opposition is said to come from international loan brokers who are opposed for selfish reasons to the Government making loans.

Call of the City Defended

PRICES which do not meet the expectancy of the farmer were considered by the *Price-Current Grain Reporter* in commenting on the annual report of the Secretary of Agriculture. The Secretary had expressed deep concern because low prices for farm products were tending to depopulate the farms. The *Grain Reporter* sees the exodus of farmers' sons to the cities as a blessing, and gives vent to its feeling thus:

Well, if a man can't make a living on the farm, why should anyone regret that he should move into town or go where he can get a living without becoming a mendicant? His moving tends to reduce farm production and the unused surplus and at the same time increase the consumption. The fact, if it be true, as the Secretary says it is, that "the best estimates indicate that during July, August and September twice as many persons left the farms for the city as normally," would seem to indicate that the young people who are leaving an unproductive occupation to find productive ones have much more horse sense than those who would keep

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The NATION'S BUSINESS

Washington, D. C.

them on the farms where they are not needed and upon which they would become burdens by remaining.

On the other hand, but of like ineptitude of thought, there was Secretary Fall, now resigned, who, having gone to Washington from the arid west, where thousands of acres of land might perhaps be made into farms by irrigation at government cost, urges the extension of reclamation work to make more farms to increase the surplus of farm products which Secretary Wallace says are selling so low that the surplus labor on the farms is being driven to the towns. Is there not a good deal of loose thinking by both these honorable gentlemen that confuses the real issue?

The fate of bills for farmer relief was touched on by *Wallace's Farmer* in outlining the provisions of the Norris and the Norbeck-Nelson measures:

The Norris Bill provides for the creation of a commission of three men who will head a government corporation equipped with a capital of one hundred million dollars. This corporation would have the power to use whatever means it sees fit to take the surplus off of the domestic market, and so give prices of farm products a chance to rise.

The Norbeck-Nelson Bill presents a slightly less ambitious plan. The corporation established by this measure would take over the War Finance Corporation and go into the business of exporting grain to Europe on a big scale. The corporation would pay the market price to owners of grain, ship the grain across, and sell it on time. These notes would be guaranteed by reputable foreign importers and also guaranteed by the foreign governments where the grain is shipped.

What will happen when the new Congress meets, if it is called in special session in March, is, of course, doubtful; but the chances are that the bills will stand a better show of passage than now. Much depends, of course, on the price of grain on domestic markets at that time. If the price continues to go up, the demand for action of this sort will decrease. If there is a slump in prices, we may look for farmers to bring to bear a demand for aid of this sort, which it will be very hard for any Congress to resist.

Appraising the market for musical instruments, *Presto* gives a thought to rural communities and concludes that—

If the experts in statistics and trade are right, the only possible buyers of musical instruments who are in doubt are the farmers. That means a great deal, of course. But it has always been customary with the "city folks" to consider that the farmers have by far the best of it because they know little of the strain to which country life subjects the average family.

There have been times before when the farmers have complained just as vigorously as now. But it was only a question of a settling back of the very energies to which a forward business movement must always be due.

Problems of Immigration

PLEAS FOR relaxation of the immigration restrictions should not cause us to throw the doors open to all foreigners, argues the *Manufacturers' Record*, suggesting that—

If we have a scarcity of labor, let us develop more fully the labor which we have, and by the use of improved machinery help to supplement by applied power the work which we are now doing by muscle.

If America is to be saved for the good of its own people and the good of the world, it must be saved by restricting rather than encouraging immigration. We had better make smaller progress from the material standpoint than to make more rapid progress materially by utterly destroying our manhood and our civilization. Here and there may be found an unfortunate case where our present laws forbid the entrance into

the country of someone entitled to come here, but the way to overcome that is to see that a law is enacted which permits no one to sail from the other side for the United States without having been examined by an American agent and authorized under a restrictive law to enter this country, and then the number should be so limited as to avoid any larger increase than under our present laws.

Business organizations and farmers' organizations are urged to stand together in demanding the modification of the present immigration law by the *National Stockman and Farmer*, which believes that the labor supply would not be so inadequate except for certain artificial conditions, and by way of illustration says:

For instance, it is admitted that there are more miners in the country today than are necessary to supply the public with coal. To give them all a job and allow them to live, they must have wages that are out of line with those paid in other industries. The equalization of wages in such cases would release some of the labor which works half the time or less to other industries. The adjustment of hours of labor to conditions existing at the time and place the labor is performed would afford some relief. In a large city, where the worker must travel to and from his shop, eight hours of work may mean ten or eleven hours of occupation. In a smaller community an extra hour of labor would still leave the worker better off, so far as time is concerned, than the city worker. Yet we see the same formula of hours and wages applied to all, regardless of their location and of the conditions under which they live and work. Evidently such adjustments as we have mentioned are not possible at an early date, but they will be made, for artificialities cannot endure no matter how successful they may appear for a time.

Jobs and Laborers

REFERRING to a resolution on immigration adopted by the American Mining Congress Convention, the *Mining Congress Journal* explains criticism directed at the resolution on the ground that the resolution was partly misunderstood, but more particularly because it was not in accord with the policies of the American Federation of Labor, for—

the long reach of the federation's publicity department quickly and always attacks any plan which threatens to create conditions in which there are more laborers than jobs. The American Mining Congress favors a condition in which, as nearly as may be, all laborers can find regular employment at fair wages. (By fair wages it means such a wage as will enable a prudent, industrious, able-bodied man to support his family according to American standards, educate his family and save enough during his working years to provide for his old age.) It favors a condition in which any and every enterprise by offering fair wages can secure the help necessary for its proper operation. It favors such uniformity of wage scales as will make easy the transfer of surplus men from one industry to another industry in which there is a labor shortage.

Charges that the steel manufacturers are seeking to let down the bars for all sorts and conditions of immigrants are resented by *The Iron Age*, which declares that "newspapers of prominence" have made "most unjust representations," and concludes:

It is recognized that the solution of the problems of selective immigration is not an easy one, but there is substantial agreement on the main principles involved. Not a particle of evidence that the manufacturers wish to lower the average citizenship of the country has been brought forward, but the testimony is overwhelming that they wish to elevate the standard by admitting only desirable immigrants in num-



The Bell System's transcontinental telephone line crossing Nevada

Highways of Speech

Necessity made the United States a nation of pioneers. Development came to us only by conquering the wilderness. For a hundred and fifty years we have been clearing farms and rearing communities where desolation was—bridging rivers and making roads—reaching out, step by step, to civilize three million square miles of country. One of the results has been the scattering of families in many places—the separation of parents and children, of brother and brother, by great distances.

To-day, millions of us live and make our success in places far from those where we were born, and even those of us who have remained in one place have relatives and friends who are scattered in other parts.

Again, business and industry have done what families have done—they have spread to many places and made connections in still other places.

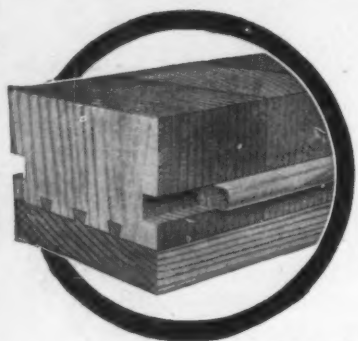
Obviously, this has promoted a national community of every-day interest which characterizes no other nation in the world. It has given the people of the whole country the same kind, if not the same degree, of interest in one another as the people of a single city have. It has made necessary facilities of national communication which keep us in touch with the whole country and not just our own part of it.

The only telephone service which can fully serve the needs of the nation is one which brings all of the people within sound of one another's voices.



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One Policy, One System, Universal Service, and all directed toward
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Constructed of Selected Southern pine, Bloxonend comes to the job in strips 8 ft. in length. These strips (grooved in the sides for splines) are formed at our Mill by dovetailing blocks endwise onto base boards. Only the end grain is exposed to wear.

Bloxonend is laid over old or new concrete floors without embedding sleepers.

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Lays Smooth—Stays Smooth

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85,000 business men read these pages monthly. *Every day* they are buying hundreds of thousands of dollars worth of products to carry on the business of the country.

It is an exceptional audience before which to place your sales messages, particularly if the business market consumes a good part of your output.

An *inquiry* from you or your advertising agent will bring *complete details* regarding the strength of this concentrated market.

The NATION'S BUSINESS
WASHINGTON, D. C.

bers sufficient to meet the demands of industry. More and better immigrants are urgently needed.

The need for caution in any further tinkering with the immigration laws is pointed out by *The American Lumberman* in warning that "there can be no doubt that American institutions are endangered by the admission of immigrants of any class more rapidly than they can be assimilated. It makes the observation that—

aliens, especially those that become citizens, voters and office holders, exert a powerful influence upon native citizens and upon legislation. This influence exerted persistently over a long period may be expected to mold the country's laws and institutions into something different from those commonly understood to be American. In admitting to citizenship and to participation in the making of the laws people of practically all the races and nations of the globe, the United States has made a unique political experiment. Enough is involved in the outcome to warrant the exercise of every possible precaution in conducting the experiment.

Citizenship does not necessarily imply either Americanization or the use of the ballot; nor is Americanization a prerequisite to the casting of a vote and the holding of an office. This means that men who are alien in sentiment and whose political notions are un-American may still make the country's laws, and this is a danger to be avoided in framing United States immigration laws.

A Plea for More Hands

IMMIGRATION restrictions are retarding prosperity, charges the *Pennsylvania Manufacturers' Journal*, declaring that factories and farms are short of hands. It summarizes the situation thus:

With our industrial revival in progress, the restrictions against sufficient common labor are analogous to a sending home of the private soldier on the eve of a battle.

With efforts under way to lower prices, the shortage of common labor has caused artificial price boosts that were necessarily passed on to the consumer.

America needs immigrants for common labor. Native-born boys do not want to enter that line. But America has the right to pass on the character of the men it admits and it should pass on them in their home ports, but it should by all means avoid any policy that will cripple the industry of the country by too drastic restrictions as to the number of immigrants. It is to be hoped that Congress will, by amending the immigration laws, enact legislation, fair to all, that will relieve the condition created by the present restrictions.

Why is it that restriction of immigration is popular with the general public? the *Manufacturers' News* wants to know, and then gives its own appraisal of the sentiment:

Our notion is that most people have the feeling of priority that dwelt in the breast of the Indian when he roamed over the flower-covered prairies and dodged among the trees of the primeval forests. They feel they have theirs, and they do not care for the other fellow. Coupled with this antediluvian notion is the labor union which has hooked itself onto this sentiment and helped formulate it into law. It is a sentiment which cannot endure long. God never intended that the "land of the free and the home of the brave" should have a stone wall around it.

The National Association of Manufacturers has recommended that the immigration laws be so amended as to permit the Secretary of Labor to admit immigration from any country in excess of its quota when a labor shortage exists, says *Automotive Industries*, and adds:

Proposals of this kind should be examined carefully as regards their permanent as well



—and the warehouse shelves are not yet bare

WITH minimum interference to established industry, the War Department, to date, has disposed of more than two billion dollars' worth of its commodities that were choking Army warehouses when the armistice was signed. The amount reclaimed for the Treasury represents 41 per cent of the cost of the materials disposed of to date. This accomplishment was made in the face of adverse market conditions existing during a good part of this four-year period of liquidation.

About 400 million dollars' worth of these commodities remains to be sold. It is the plan of the War Department to wipe the slate clean and go out of the jobbing business in the next few months.

A lot of this material is scheduled for sale in early Auctions and Sealed Bid Sales, the earliest of which appear in the panel at the right. To be fully informed in regard to these sales, send for the various catalogs. To make doubly sure, send your name to Maj. J. L. Frink, Chief, Sales Promotion Section, Room 2515, Munitions Bldg., Washington, D. C., advising him just what sales and commodities interest you. You will then receive catalogs as soon as they leave the press.

The War Department is jobbing on a huge scale—and on a greater variety of merchandise, probably, than any other jobber in the world.

In this huge building (Munitions Bldg., the largest office building in the world) the Government's sales are engineered—its bargain lists prepared, the selling plan worked out and all advertising plans devised and executed.

WAR DEPARTMENT	SELLING PROGRAM
MARCH	
Mar. 1.—Army Base— Port Newark, N. J., Sealed Bid. For proposal write Quartermaster General, Room 2024, Munitions Bldg., Washington, D. C.	Mar. 9.—Erie Howitzer Plant—Erie, Pa., Auction. For catalog write Quartermaster General, Room 1018, Munitions Bldg., Washington, D. C.
Mar. 2.—Spoke Blanks— Rock Island Arsenal, Rock Island, Ill., Sealed Bid. For catalog write Salvage & Surplus Officer, Rock Island Arsenal.	Mar. 20.—Ordnance Supplies—Watertown, Mass., Auction. For catalog write C. O., Boston Dist., Ord. Salvage Board, Watertown Arsenal, Watertown, Mass.
Mar. 2.—Planes—Rockwell Field, Calif., Sealed Bid. For catalog write Chief, M.D. & S. Sect., Room 2824, Munitions Bldg., Washington, D. C.	Mar. 27.—Buildings & Improvements. Lakehurst, N. J., Auction. For catalog write C. O., Lakehurst, N. J., or Office Q. M. General, Room 1018, Munitions Bldg., Washington, D. C.
Mar. 6.—Q. M. Supplies— Brooklyn, N. Y., Auction. For catalog write Q. M. S. O., 1st Ave. & 59th St., Brooklyn, N. Y.	APRIL
Mar. 9.—Quartermaster Supplies—St. Louis, Mo., Auction. For catalog write Quartermaster Supply Officer, 1819 W. Pershing Road, Chicago, Ill.	Apr. 2.—Buildings & Improvements. Camp Grant, Rockford, Ill., Auction. For catalog write C. O., Camp Grant, Rockford, Ill., or Office Q. M. General, Room 1018, Munitions Bldg., Washington, D. C.
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WAR DEPARTMENT



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"Face Brick Bungalow and Small House Plans" embrace 96 designs of Face Brick bungalows and small houses. These houses are unusual and distinctive in design, economical to build, and convenient in floor plan. "Face Brick Bungalow and Small House Plans" are issued in four booklets, showing 3 to 4-room houses, 5-room houses, 6-room houses, and 7 to 8-room houses. The entire set for one dollar; any one of the books,

twenty-five cents. We can supply complete working drawings, specifications and masonry quantity estimates at nominal prices.

"The Home of Beauty" contains fifty designs of Face Brick houses, mostly two stories, representing a wide variety of architectural styles and interior arrangements. These houses were selected from 350 designs submitted in a nation-wide Architectural Competition. Sent for 50 cents. We also distribute complete working drawings, specifications and quantity estimates for these houses at nominal cost.

"Orienting the House" is an illustrated booklet, with a sun dial chart and explanation for placing the house with reference to light and shade. Interesting to any prospective builder. Sent for 10 cents.

as their temporary effect. The immediate needs of American industry constitute only one of the many factors involved in a solution of the immigration problem.

The Embattled Railroads

DECLARING that nothing could be more certain than that the program of expansion now being carried out will be arrested if government regulation prevents an increase in the net return earned commensurate with the increases in traffic which are occurring, *Railway Age* continues:

The situation, then, is that the business of the country imperatively requires an increase in railroad capacity, that the managements of the railways are trying to make this increase, and that whether they will be allowed to make it or not will be determined by public sentiment and government regulation. When the people of the country, especially of the western states, last November elected to Congress a large number of radicals whose stock in trade consists of attacks upon the railways and advocacy of a restrictive and vicious policy of regulation, the people voted against the expansion of the railroads which the public's own welfare imperatively demands. The railways nevertheless are going ahead with plans for extensive improvement and showing confidence that American public sentiment will not permit adoption of the radical policies advocated by men such as Capper of Kansas, La Follette of Wisconsin, Brookhart of Iowa, Howell of Nebraska, Shipstead of Minnesota and Dill of Washington. What will public sentiment really do? Will it back the railway executives who are trying to furnish the country the service it needs, or men of this class who for their own selfish political purposes are advocating policies that would prevent the railways from furnishing the service the country needs?

Impending events presage an open season for railroad smashing in 1923, thinks the *Railway Review* in making the charge that—

In all the many reams of miscounsel that is being printed and broadcasted among farmers and railway employees, the attention is always artfully diverted to other subjects than cost of operation, wasteful rules, and the uneconomic system of compensation now enforced on the railroads with government sanction. Yet the aims and purposes of the politicians and the organizations that have joined forces to harass the railroads are quite as apparent as their ridiculous inconsistency in seeking to maintain a war-time level of wages while simultaneously demanding reductions in the rates which go to determine the amount that can be paid out in wages. False issues disguise the real objective of their attacks, which is the substitution of political control and government operation for private control and ownership.

Business is hampered by lack of cars and high rates, contends the *Manufacturers' Record*, and the transportation facilities are wholly inadequate to meet the pressing needs of the country, it adds in charging that—

the Interstate Commerce Commission in its recent report went directly contrary to the facts in its claim that high freight rates were not now retarding business. The writer of that report either intended to deceive the public by creating a false impression as to available transportation or else he sought to ignore the fact that while there is a larger tonnage moving than last year the tonnage that is ready for moving, if rolling stock was available, far exceeds the amount that is being moved. In either case such a report from such a body as the Interstate Commerce Commission is a regrettable effort to mislead the public; moreover, it is not true, for there is a vast amount of stuff that is not moved simply because it cannot pay present high freight rates.

There are many honorable men on the Interstate Commission. We do not believe that they



A well-known power plant engineer has rightly said that more accidents originate in defective piping than in defective boilers.

What causes accidents in piping?—Unbalanced design?—Defective materials?—Careless workmanship?—Faulty installation? These are the points to look to in buying power piping.

National Valve & Mfg. Co. recognizes its obligations to its many present and future customers. *National* Piping is made in accordance with the latest developments in engineering practice.

The materials used in *National* Piping and Valves are of the highest grade. The men who make our piping are old hands at the business and experienced in every department. *National* installations have the reputation of being exact and complete in every detail. *National* piping supports are designed to give maximum efficiency and add materially to the life of the system.

All-in-all, the power-plant that is equipped with *National* products has the greatest insurance against accidents and costly shut-downs due to piping and valves.

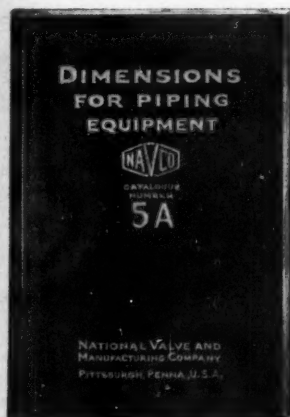
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Application of Westinghouse Automotive Air Brake to truck chassis. A representative installation showing simplicity of equipment.

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A way finally has been found to extend the benefits of the famous Westinghouse Air Brake to automotive transportation.

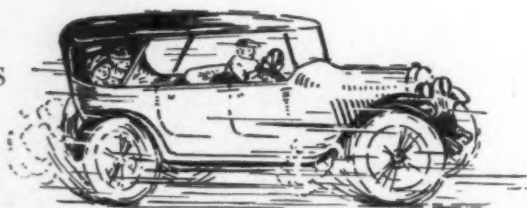
As a passenger on train or street car you have often marveled at the wonderful braking mechanism which made it possible for one man to exercise such remarkable control over the movements of the huge, roaring mass.

You can now have the same safe, convenient, improved brake on your automobile to afford greater protection against traffic accidents and enhance the pleasure of driving.

If you are operating motor trucks or buses you will find the Automotive Air Brake an actual necessity.

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for TRUCKS
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San Francisco

are responsible for a report which is so contrary to the facts, but they will become responsible unless they repudiate it publicly.

Increased fees, taxation, and regulation which may be laid on motor truck owners bring forth a warning from *Automotive Industries*, which believes that if they are to get a square deal they must know the facts upon which to fight for it. The final conclusion is that—

Motor trucks may or may not get a square deal, for the railroads are stronger politically, but they can come much nearer to getting it if they supply themselves with a reasonable amount of ammunition.

Labor Corporation Formed

A LABOR corporation, the first organization of its kind, has been formed by a body of former labor union members in the locomotive shops of the Cleveland, Cincinnati, Chicago & St. Louis Railway at Beech Grove, Indiana, says the *Railway Review*, characterizing the corporation as unique among the labor organizations of the United States. In its description of the new corporation, the *Review* says:

The Beech Grove labor corporation is peculiarly the outgrowth of the strife, turmoil and strikes that have disturbed American industry for several decades. The corporation is chartered under the state laws of Indiana as the Associated Employees of Beech Grove, Inc., an association not for profit. The declarations in its charter and in the constitution and by-laws under which the corporation lives set it apart among labor organizations.

In contrast with the doctrine of the labor unions, particularly the railway shop unions, the Beech Grove plan repudiates the restrictive practices of organized labor. Instead of limiting the amount of the day's output per man, as is the accepted practice of nearly all labor unions, the primary idea in the Beech Grove labor corporation is to increase the daily output of the individual as a step toward increasing his earning power. Instead of making the job last longer; instead of shutting out apprentices so that the work may be confined among its members; instead of creating conditions which require the use of more men than are actually needed to perform a given operation; instead of discouraging the individual in the effort to excel, the Associated Employees seeks to build up organization efficiency by making master craftsmen of its members.

Under the Beech Grove plan of group bargaining, production methods are more easily adjustable to the requirements of the shop than has ever been possible under the arbitrary methods necessitated by the day-work system, especially day work in conjunction with the jurisdictional restrictions placed upon all classes of work by the Labor Board. There is a true basis for group bargaining in the method of shop production followed at Beech Grove. So far as possible, related operations are performed together by a subcontractor and his men. There are no jurisdictional rules which assign men to certain tasks and restrict them to a particular class of duties. Each man does whatever task he is best fitted to perform, but he may shift to any other class of work that is pressing for the moment.

The Debt Still Alive

THERE MUST be no debt cancellation, declares the *Manufacturers' Record*, raising the question as to what branch of the Government has the authority and the power to cancel the foreign debt. Repudiation or cancellation is morally bad, maintains the *Record*, and continues:

Moreover, this constant discussion in the papers of whether Europe ought to pay or not arouses false hopes abroad. It delays the return to normalcy.